FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,424

Thursday March 19 1981

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 28; DENMARK Kr 6.00; FRANCE Fr 4.50; GERMANY DM 2.0; ITALY L 800; NETHERLANDS Fl 2.0; NORWAY Kr 6.00; PORTUGAL Esc 50; SPAIN Pts 75; SWEDEN Kr 6.00; SWITZERLAND Fr 2.0; EIRE 30p; MALTA 25c

NEWS SUMMARY

GENERAL

Warning on Trident submarine delays

The Reagan Administration has strongly attacked the U.S. Trident missile-carrying submarine programme.

Navy Secretary John Lehman has suggested that if problems continue at private shipyards, the Government might have to go directly into the shipbuilding business.

He also warned that alternatives to the Trident might have to be examined. Back Page

Envoy named

Sir Peter Hayman, 66, former High Commissioner in Canada, was officialy named in the Commons by Tory MP Geoffrey Dickens as the diplomat mentioned in last week's Old Bailey paedophile trial. Steel protests, Page 10

Biggs missing

Escaped train robber Ronald Biggs is missing from his Brazil home and police think he may have been kidnapped.

Arms deal talks

Talks at Downing Street between Mrs. Thatcher and visiting Nigerian President Shagari are believed to have included a possible big arms deal.

S. African raids

South African troops attacked a SWAPO black nationalist base deep in Angola. Mozambique claimed two South African soldiers were killed in a separate raid in that country. Page 3

Barclays 'shadow'

The UK anti-apartheid movement has published a "shadow" annual report on aspects of Barclays Bank's South African operations.

Harrogate siege

A gunman with a woman prisoner was holding police at bay in a siege at Harrogate last night.

Report on police

A Home Office report rejects the idea of forming a team of detectives to investigate allegations of serious assault by police. Page 8

Fears for men

Hope was fading last night for six Scottish fishermen missing in the Pentland Firth.

Hunger strikers

Two more men in Ulster's Maze Prison will join the hunger strike this weekend, said Provisional Sinn Fein.

Etna scare

Firefighting troops were called in as two rivers of lava flowed from Mount Etna, Sicily.

Shotton success

A consortium of seven redundant Shotton steelworkers won a bid for the independent local radio franchise at Wrexham and Deeside. Men and Matters, Page 20

Toast to life

Jacqueline Rosser, 32, the Stroud woman who on Tuesday was found to be alive after being certified dead from a drugs overdose, was sitting up in bed eating toast yesterday.

Briefly...

European Soccer Cup second leg quarter final: Liverpool 1, CSKA Sofia 0; (Liverpool win 6-1 on aggregate).

Portugal expelled the Cuban Ambassador in a worsening diplomatic row.

Pakistan's President Zia welcomed home 95 hijack hostages.

BUSINESS

Gold up $17; Equities rally

● DOLLAR was sharply down, closing at DM 2.058 (DM 2.088), SwFr 1.868 (SwFr 1.901) and Y207.7 (Y207.75). Its trade-weighted index was 98.5 (99.1). Page 37

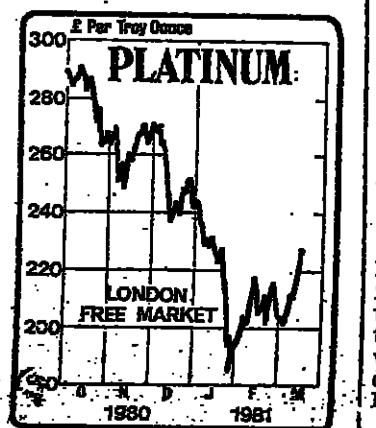
● STERLING firmed on dollar weakness to $2.2795 ($2.2490) and its Bank of England index rose to 100.2 from 99.9. It was slightly easier against Continental currencies. Page 37

● EQUITIES were boosted by GKN's decision to pay a final dividend. Down 2.2 at 10 am, the FT 30-Share Index rallied to close 3.5 ahead at 491.1. Page 40

● GILTS advanced in thin trading, on sterling strength. The Government Securities Index was up 0.16 at 69.98. Page 40

● GOLD added $17 in London to close at $509.5. Page 37

● PLATINUM moved higher in the wake of gold. The sterling quotation gained nearly £10 to



£228.75 an ounce, and the dollar price $28 to $521. Page 39

● WALL STREET was 5.76 up at 998.29 before the close. Page 38

● WEST GERMAN Economic Affairs Minister Otto Lambsdorff said the U.S. would trigger an international trade war if it set quotas on imports of Japanese cars. Back Page

● BRITISH STEEL Corporation is expected to lose a record £660m for the financial year ending next month. Back Page

● CHEMICAL BANK of New York lowers its prime rate from 17.5 to 17 per cent today.

● TALBOT car plant workers at Linwood voted not to take industrial action to try to stop the plant being closed with the loss of 4,800 jobs. Page 9

● SOVIET industrial output rose 2.6 per cent in January and February over last year's figures, well below target and one of its worst winter performances in years. Page 2

● SHELL UK is to lay off 1,000 chemicals staff—a quarter of the workforce—and over 300 staff in its oil products business to stem losses. Back Page

● DUPONT, the U.S. chemicals company, is to build a £40m plant for making synthetic rubber at its Maydown works near Londonderry. Back Page

● RECESSION cut average use of EEC manufacturing industry capacity to 76 per cent in January, from 82.4 per cent in January 1980, a survey said.

● BSR, sound reproduction and consumer products group, reported a pre-tax loss of £17.66m last year, against £3.55m profit previously. No dividend is being recommended. Page 27; Lex, Back Page

● THOMAS TILLING Group reported a surplus before tax of £70.7m for 1980 (£81.1m) after a second half downturn. Page 26; Lex, Back Page

ENGINEERING GROUP REPORTS £1.2M PRE-TAX LOSS FOR 1980

GKN plunges from profit

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

GKN, the largest engineering group in the UK, has revealed the full horror of the effects of the recession with its report yesterday of a £1.2m pre-tax loss for 1980 against a profit of £125.8m the previous year.

The company, which is reducing its final dividend, emphasised yesterday that it is not expecting any upward trend in the current year although there are some hopeful signs that the rapid decline in the UK market may be slowing down.

On the Stock Exchange yesterday GKN's shares finished up 5p at 136p after being down to 126p during the day.

The worst of the recession hit GKN in the second half of 1980, predominantly in the steel and automotive components activities in the UK

After making a profit of £36.2m before tax in the first six months, GKN dived into a loss of £37.4m in the second half, after charging £23.3m in the half in respect of redundancy and related costs in continuing activities.

SURPLUS (DEFICIT) ON TRADING BY GEOGRAPHICAL AREA

	1980 £m	1979 £m
United Kingdom	(18)	83
Rest of Europe	39	45
Rest of the World	16	10
	37	138

Mr. Trevor Holdsworth, GKN chairman, said yesterday: "All the economic factors have been very adverse but I do not think any business sectors have been more seriously affected than steel and mechanical engineering serving the automotive and construction industries, which are by far the most important markets for GKN. We cannot create markets, we can only try to find them."

It is a measure of the rapid deterioration witnessed in the UK over the past six months that GKN had to revise substantially its prediction on redundancies, closures and associated costs made at the interim in September.

At that time it was forecasting that job-losses in the UK would be 10,000 in 1980, for which £20m provision would be made.

Since then, however, the figure for the 15 months to March, 1981, has swollen to a total of 18,700, although this will not be put into effect for another few months.

Total GKN employment in the UK will then be 50,415 and at this level it is probable that the major manpower reductions will have been completed.

The cost of providing for these redundancies and closures has risen to nearly £50m, of which £26m has been charged above the line in respect of continuing activities and the balance as part of an extraordinary item totalling nearly £50m taken below the line.

GKN has not confirmed the fears of many investors that it would pass the final dividend.

Details Page 22
Dickinson Robinson profits plunge, Page 23
Lex, Back Page

CBI relents from attack on Budget

By John Elliott, Industrial Editor

THE Confederation of British Industry last night stopped short of launching a frontal attack on the Government's Budget strategy. Instead it is to mount a detailed campaign for £1bn cuts this year in the public sector's revenue expenditure.

This was decided by the CBI's council, which tacitly accepted yesterday that it could not openly try to undermine a Conservative Government in the same way that it has Labour administrations in the past.

Its public protest about the Budget is therefore being restrained and it is not planning to repeat tactics it used against the last Labour Government when it encouraged MPs to fight detailed clauses in the Finance Bill.

"The CBI supports, and continues to support, the priorities of the Government in tackling inflation. On the platform at the council meeting we sought to steer the debate not into a general moan but to start a dialogue with the Government about cutting public expenditure," Sir Raymond Pennock, CBI president, said.

The council willingly followed this cautious lead, despite initial fury among industrialists last week at the Budget's lack of action on items such as energy costs and the National Insurance surcharge.

Friday night's meeting in Downing Street between the Prime Minister and CBI leaders

Continued on Back Page
Lombard, Page 18

Earnings growth rate halved

By Peter Riddell, Economics Correspondent

PAY RISES in manufacturing industry are averaging 8 to 9 per cent and the rate of earnings growth in the whole economy is less than half that of the last wage round.

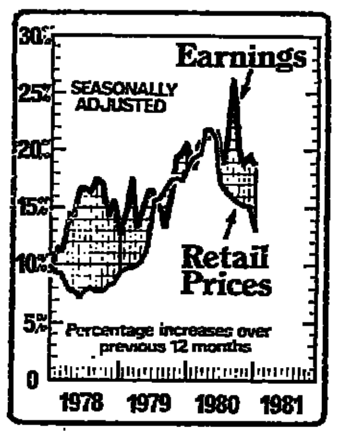
These statistics, published by the Confederation of British Industry yesterday, show that two-thirds of the settlements notified in February were in single figures. The average pay rise last July was more than 16 per cent.

The CBI says that rises in the private service sector, including retailing, banking, insurance and the leisure sector, are "slightly higher" than in manufacturing but have declined in recent weeks.

Department of Employment figures, also published yesterday, indicate a marked slowdown in the current pay round. Average earnings are estimated to have risen at an underlying rate of 0.8 per cent a month since September, compared with 1.7 per cent a month in the first half of 1980.

The underlying 12-month rate of increase was 17½ per cent in January, compared with 18½ per cent in December and a peak of 21½ per cent last summer. The underlying rate of growth of earnings in manufacturing is now about 13½ per cent.

The drop in the underlying rate since last summer has mainly been because of the impact of the lower pay rises of



the current wage round. This in turn has reflected the pressures of the recession and the squeeze on profit margins.

The direct cyclical impact of the recession has been less significant in the last couple of months. In January a rise in hours lost through short-time working was largely offset by a rise in overtime.

The earnings index, covering 21m employees in the whole economy, rose by 18.8 per cent in the year to January to 195.2 (January 1976=100, seasonally adjusted). This compares with a 19.5 per cent rate in December.

The difference between the published figures and the estimated underlying rate of increase is largely because of the impact of the steel strike in January 1980 which depressed earnings and affected the 12-month comparison. In addition, fewer workers had settled at this stage a year ago.

The 12-month rate of increase is still affected by the high pay rises of the 1979-80 round

Recession 'may be at lowest'

By Our Economics Correspondent

THE RECESSION could have reached its lowest point a senior Treasury official yesterday told an all-party committee of MPs.

Commenting on the outlook for the economy in evidence to the Treasury and Civil Service Committee of the Commons, Mr. Huw Evans, a Treasury under-secretary in charge of economic forecasting, highlighted the official cyclical indicators which look ahead to turning points in the economy.

Mr. Evans pointed out that the longer leading index, looking ahead an average of 12 months, had been rising for more than a year while the shorter leading index had been turning up for several months and the coincident index has flattened out in the last couple of months.

He said that these indicators were consistent with the view that output has stopped falling some time around the present, and a gentle recovery may take place in the second half of this year.

At a low key, often rambling, 2¼-hour session several of the MPs expressed scepticism about the scope for economic recovery.

Mr. Evans explained that the main reason the Treasury expected an upturn was that the level of stocks would not continue falling after a drop of £4bn during the recession up to the middle of this year.

Continued on Back Page
Recession forecast to bottom, Page 8

EEC summit faces fish clash

BY JOHN WYLES IN BRUSSELS AND ROGER BOYES IN BONN

THE European summit meeting at Maastricht in the Netherlands next Monday looks set to be among the most unruly and acrimonious of recent years.

Diplomats in Brussels are bracing themselves for a testy exchange between Chancellor Helmut Schmidt of West Germany and Mrs. Margaret Thatcher, the Prime Minister, over the failure so far to resolve the dispute over a Common Fisheries Policy.

Although the West German threats that the summit will be wrecked unless the British agree to a compromise are regarded as largely tactical, Mrs. Thatcher is preparing to issue a spirited defence of her Government's approach.

There are fears that rancour over the fish question could embitter discussion of other outstanding problems, notably steel subsidies.

West Germany is angered at Britain's refusal to ratify a new EEC-Canada fishing agreement which would allow the German deep-sea fleet into Canadian waters. Many small West German fishing concerns are close to bankruptcy.

Britain is banning the EEC-Canada agreement until there is accord on a Common Fisheries Policy, embracing quotas and conservation and, above all, a limit to the rights of French fishermen to fish in British coastal waters.

Britain might accept a partial deal as long as it included full EEC protection for the British domestic market against cheap fish imports. But Mrs. Thatcher is said to be determined to avoid any charge from the troubled British fishing industry of selling out at Maastricht.

British officials believe that the intransigence of the French is the root cause of the row. The UK veto on the EEC-Canada pact is seen as a tactic to force Bonn to put pressure on France.

However, a private meeting between Chancellor Schmidt and President Valery Giscard d'Estaing of France outside Strasbourg at the weekend evidently brought no progress.

The West German Cabinet discussed the problem again yesterday, and again sharply rebuked Britain. "We cannot accept that other European countries should settle individual problems at the expense of the European Community and through violating contractual agreements," a senior West German Government official said yesterday.

Britain was going back on a "concrete commitment" to make progress on fisheries, a commitment made in connection with the agreement last year to reduce Britain's contribution to the EEC Budget.

Editorial Comment. Page 20
Little room for compromise, Page 39

Bank computer operators urged to support strikes

BY PHILIP BASSETT AND NICK GARNETT

BANK COMPUTER operators will be advised by their union today to support strikes over pay in the Civil Service by frustrating the Inland Revenue's efforts to get around the strikes.

Large organisations have been asked by the Inland Revenue to make tax payments through the banks, instead of making them directly as normal to Revenue computers at Cumbernauld in Scotland and Shipley in Yorkshire which have been halted by civil service strikes.

The Banking, Insurance and Finance Union will announce today industrial action in Barclays and Lloyds computer centres despite last minute pay talks. Page 9

The Revenue's other attempt to circumvent the strikes will face a severe test this morning from a mass demonstration, which has been called by the civil service unions outside the part of the Revenue's London headquarters in which senior staff have been processing cheques diverted from the two computer centres.

The executive of the Banking, Insurance and Finance Union, which has a large membership within the major banks' computer operations, agreed yesterday to back a request from the civil service unions for supportive action.

The union will tell the banks today the detailed measures its computer members are being asked to take.

Although the banks have doubted whether their computer staff can successfully ... the special payments, BIFU computer specialists

Continued on Back Page

Dollar falls sharply; £ rises

BY DAVID LASCELLES AND DAVID MARSH

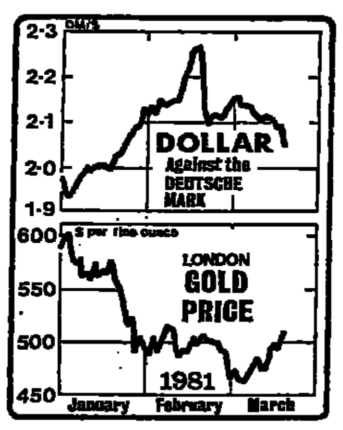
THE DOLLAR fell sharply on currency markets yesterday as U.S. interest rates declined further following this week's signs of weakness in the U.S. economy. Sterling rose 3.05 cents to close in London at $2.2795, the highest for a month.

The fresh easing of the U.S. monetary squeeze appeared to come with the blessing of the Federal Reserve. In New York it allowed the key federal funds short-term interest rate to fall to the 12 to 13 per cent range, from 14 per cent.

The dollar fell to DM 2.0580 at the London close, well down from Tuesday's DM 2.0880, and the lowest for two months. It also fell sharply against the Swiss franc but was steady against the yen following the cut in the Japanese discount rate.

Gold reacted to the sliding dollar and falling U.S. interest rates by climbing $17 to close in London at $509.5 per ounce, its highest for six weeks.

Sterling's firmness against the dollar was reflected in a



rise in its trade-weighted index, calculated by the Bank of England at 100.2 compared with 99.9 on Tuesday.

In London three-month Eurodollar rates fell sharply to 13¾ per cent from 14½ per cent. Tuesday's news of declining U.S. industrial output and housing construction spurred expectations that dollar interest rates will remain under downward pressure as the economy weakens.

Declining interest rates have triggered a torrent of new borrowing on the New York bond markets, with Denmark, Mexico and Canada joining the queue to raise money along with big U.S. corporate names.

Peter Montagnon writes: The decline in short-term Eurodollar rates (six-month deposits fell to 13¹³⁄₁₆ from 14¾ per cent on Tuesday) prompted a resumption of new issue activity in the Eurobond market.

Three issues were announced totalling $155m but two could be increased in amount and one, $75m for the European Investment Bank, is being offered solely on a yield basis, with the interest rate and price to be fixed only in the light of market response.

£ in New York

—	Mar. 17	Previous
Spot	$2.2620-2640	$2.2440-2460
1 month	0.38-0.46 pm.	0.38-0.45 pm.
3 months	1.25-1.35 pm.	1.05-1.15 pm.
12 months	4.30-4.50 pm.	4.15-4.35 pm.

CONTENTS

For latest Share Index phone 01-246 8026

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treas. 13¾pc 2004-08 £100		+ ½
Amal. Dis. Products	59	+ 5
Bestobell	358	+ 19
Crouch (D.)	203	+ 18
Dowty	267	+ 8
Elect. & Ind. Secs.	96	+ 4
Fisons	152	+ 10
Granada A	224	+ 8
GKN	136	+ 5
HAT Group	67	+ 5
Hewitt (J.) (F'ton)	65	+ 7
Invergordon	178	+ 7
Land Securities	414	+ 12
MDW	98	+ 11
MEPC	238	+ 7
Mckay (Hugh)	38	+ 7
Marchwiel	104	+ 8
Martin (R. P.)	165	+ 17
Pearl Assnce.	442	+ 12
Prudential	256	+ 9
Simon Eng.	327	+ 7
Sirdar	152	+ 12
Smiths Inds.	326	+ 8
Stand. Telephones	525	+ 7
Travis and Arnold	170	+ 16
Tube Invs.	188	+ 6
Turner and Newall	83	+ 3½
Global N. Resources	540	+ 40
NCC Energy	138	+ 8
Durban Deep	947	+ 82
Gold Fields SA	£26⅞	+ 1⅜
Impala Platinum	405	+ 35
Poseidon	252	+ 8
Rustenburg Plat.	244	+ 14
Tanks Con.	300	+ 20

FALLS

Bejam	115	− 5
Lucas Inds.	170	− 6
Pearson (S.)	193	− 11
Royal Bk. Scotland	130	− 8

Bonn looks for new ways to help Poland

BY ROGER BOYES IN BONN

WESTERN EFFORTS to ease Poland's severe hard currency indebtedness will be at the centre of a visit to Warsaw today by Herr Hans Dietrich Genscher, the West German Foreign Minister. Herr Genscher is the first high-level Western visitor since his British counterpart, Lord Carrington, five months ago.

West Germany is the most exposed of all Western lenders to Poland. According to the latest Foreign Ministry figures, it accounts for 30 per cent of the total $23bn of Polish debts.

Although the Polish leadership will unquestionably expect further comitments from Bonn—or at least efforts to speed up promised European food aid—it is not clear that Herr Genscher can offer very much.

Officials said yesterday that Bonn would extend its current credit guarantee ceiling by DM 150m (£32m), most of which will cover imports of semi-finished goods from West Germany and about DM 20m of which will cover food imports.

As bridging measures, Bonn over the past few months has also given Warsaw some DM 220m in untied financial credits, DM 240m of Government backed credits for semi-finished goods and DM 95m for food aid.

The nub of the problem is how to generate further banking confidence in Poland within the tight framework of the Government credit guarantee system. The Government can only guarantee credits, through the Hermes insurance group, for specific export purchases or for raw material projects.

Thus, Bonn used the prospect of increased coal deliveries from Poland as a way of giving a DM 400m credit guarantee to Poland last year which in turn encouraged West German banks to put together a DM 1.2bn credit for Warsaw.

However, sharp falls in Polish coal production have undermined this approach, hit at Warsaw's credibility and made the banks even less willing to find fresh money for Poland.

One line of thought being pursued by Bonn, and likely to be raised in Warsaw during Herr Genscher's talks today and tomorrow, is to devise a special credit guarantee ruling for Poland and thus instill new confidence in the banks. This, say officials, would have to be arranged in an international framework with other major Western creditors.

Statistics released by the Government yesterday show that Bonn still guarantees a relatively small portion of its trade with Poland, although it is that country's largest Western trading partner. West Germany guarantees some 16 per cent of its trade with Poland, compared to 63 per cent in the U.S., 50 per cent in France, 76 per cent in Austria and 27 per cent in Britain.

In absolute terms, because of West Germany's high trade volume, Bonn is still ahead of these other countries. None the less, the percentage figures show that Bonn could well use this option to boost banking interest in Poland.

Warsaw prepares to raise food prices

THE Polish Government is preparing to take the politically sensitive step of raising meat and milk prices, according to Mr. Jan Zaleski, the Food Minister. The announcement in a newspaper interview yesterday comes as the authorities are about to ration meat from April 1, writes Christopher Bobinski.

Meat price rises have produced working class revolts in the past and the authorities promised last July that there would be no further increase until this August. However, the authorities are widely expected to compensate workers for the increase—a matter made simpler by the introduction of rationing, which will fix annual consumption at 63 kilos per head.

In Bydgoszcz, about 100 farmers occupying the local Peasant party headquarters have settled in for a long stay in support of demands that the authorities recognise their rights to a trade union.

Timber industry workers who belong to Solidarity, the independent union, are threatening a strike tomorrow in protest against alleged official failure to implement agreements signed in December.

Meanwhile the 100,000-strong Democratic Party, which has a small representation in Parliament, re-elected only three of its 100 national leadership at its congress yesterday. This could presage a livelier role in Parliament.

● Warsaw Pact exercises began yesterday in Poland, the Soviet Union, East Germany and Czechoslovakia. The staff command exercises, of the kind that preceded the Soviet invasion of Czechoslovakia in 1968, are having small effect on political developments in Poland.

Scientists question French N-project

By Terry Dodsworth in Paris

A GROUP of French anti-nuclear scientists and economists has come out with a stinging attack on the country's fast-breeder reactor programe, criticising the project for its inherent dangers and limited economic value.

The report, produced by a committee of dons who want the fast-breeder project abandoned, comes only two years before the prototype Super-Phenix reactor is due to start up. The French Atomic Energy Commission is pushing forward with this grograme, designed to replace the present generation of pressurised water reactors, on the grounds of lower generating costs and savings in energy.

Although the report has not attracted much comment in France, where the anti-nuclear movement has died down in recent years, it amounts to a detailed challenge to the assumptions underlying the development of the fast breeder.

On the safety side, the group questions both the precautions taken in the use of the sodium coolant in the fast-breeder, along with the risk of earthquakes in the area where the Super-Phenix is being built.

The accuracy of the financing figures given for the programme are also questioned in the report. It claims that the small 250 MW Phenix prototype, which came into service in 1973, cost much more than the official FFr 1bn (£90m), while Super-Phenix will overshoot its FFr 7.5bn (£680m) planned cost by FFr 2.5bn (£227m).

Moreover, the cost of electricity produced from future fast-breeders will be only fractionally lower than from traditional nuclear stations, the report argues.

Output down by 7%

THE extent of France's industrial slowdown was starkly underlined yesterday by figures showing a 7 per cent decline in output in January, bringing the official index down to its lowest level for three and a half years.

France fails to budge EEC on grain ban

BY LARRY KLINGER IN BRUSSELS

FRANCE failed yesterday in its renewed efforts to persuade the European Community to relax its support for the U.S. grain embargo against the Soviet Union.

The EEC Foreign Ministers Council reaffirmed early yesterday the EEC policy of limiting grain sales to Russia while backing French requests for the European Commission to increase efforts to boost exports of surplus wheat on world markets.

The French maintained that yesterday's discussions were sufficiently vague to hold out the possibility of further talks among member states, but the Council insisted that its mandate on increased exports should be executed in the context of its "earlier decisions."

This was a clear reference to the Council's declaration on January 15, 1980, that the EEC would not undermine the U.S. embargo imposed in protest at Russia's invasion of Afghanistan.

The Community undertook not to increase exports of grain or grain substitutes to the Soviet Union beyond "traditional" quantities.

French attempts to have this policy reviewed have been consistently blocked by Britain and West Germany.

Paris had been hoping that with the election of President Ronald Reagan in the U.S., American policy would be relaxed. When Mr. Reagan delayed a decision, the French stepped up their drive to change Community policy and insisted that the issue be taken up by the Council of Foreign Ministers.

The U.S. Mission to the EEC said yesterday that it was interpreting the Council decision as full support for U.S. policy. "Since the traditional flow of EEC wheat to Russia is zero," an official said, "the mandate given to the Commission causes us no problems."

France, which produces about one-third of the wheat grown in the EEC and is responsible for more than half of its total wheat exports, is worried that this year's Community surplus of 600,000 tonnes will not be sufficiently cleared before the summer harvest.

Traditional sales of grain to the Soviet Union, based on EEC exports in the years 1977-79, are reckoned to range between 200,000 and 300,000 tonnes a year, almost exclusively in barley.

Roger Boyes in Bonn adds: The Bonn Cabinet yesterday stressed that the French plan to sell 600,000 tonnes of wheat to the Soviet Union should be "carefully studied" by the Community in case it violated the terms of the grain embargo.

Business casts doubt on recovery hopes

BY JOHN WYLES IN BRUSSELS

NEXT WEEK'S EEC summit in the Netherlands was given a sombre reminder by the European Commission yesterday that the hoped-for-recovery in Community economies in the second half of this year is still "uncertain or fragile."

This warning is based on the Commission's latest survey of the business climate in the Ten and needs to be set against a note of optimism which the heads of government are expected to strike in their final communique on Tuesday.

The EEC business climate indicator fell by 1.5 percentage points in February after a strong 3.5 point gain in January. The indicator is based on an inquiry into production expectations, order books, stocks of finished products and price expectations. Opinion on price outlook was the only category more positive than in January.

The Commission's principal worry at the moment is the outlook for West Germany which is very much the "engine" for the Community economy. The business climate there has plunged 5.5 points below fourth quarter levels and the situation may have further deteriorated following the recent tightening of interest rates which took place after the Commission's survey was completed.

As a result the Commission is more nervous about its forecast, which will be the basis of next week's gleam of summit optimism, of an economic pick-up in the second half of the year to a rate of 2 per cent per annum real growth.

But economists here are not yet ready to strike a more pessimistic note, having just revised downwards their forecast for the Ten this year from 0.6 per cent real growth to a 0.6 per cent drop in gross domestic product.

The Commission also reported that average industrial capacity utilisation in January had dropped 6.4 points over the previous 12 months to 76.1 per cent.

MEPs writhe under 'extravagance' assault

BY WALTER ELLIS

MEMBERS OF the European Parliament are exhibiting some of the classic symptoms of paranoia. The fact that they are actually under sustained attack for alleged extravagance on trips abroad is not important. It is their reaction which is interesting.

They are insecure and angry. They clearly feel that their whole raison d'être is being questioned, and they don't like it one bit.

Last week, in Strasbourg, journalists were drawn aside by discreet, whispering officials who pointed out that recent stories of wild abandon by MEPs in such exotic locations as Latin America and West Africa were both inaccurate and beside the point. The point, it transpired, was that "a good deal of useful work" is carried out on these missions overseas, and that "they are no joy rides for any one, believe you me."

The truth is that Parliament has an annual allowance of £5m for travel outside the Community. Using up such a sum, even in these inflationary times, is not easy and the temptation is strong to embark on peripheral exercises in far away places. After all, debates in the Parliament are rarely reported at any length and, apart from their part in the annual budget row, MEPs are credited with little real power or influence.

When abroad, however, MEPs are often regarded as representatives of some importance. International awareness of the Parliament is slight, but the very name suggests a resurgence of European grandeur and members are treated as though a word from them in the right place could change tricky situations at a stroke.

There is even, let it be said, some truth in this. MEPs cannot alter European policy but they can produce reports and talk to Ministers and so ventilate the grievances of foreign governments It also works in the other direction, so that Third World and other countries can be made to appreciate better that Europe has problems of its own

That said, there can be little doubt that MEPs see foreign travel as a very definite perk. All the same, there has been some imprudence: too many interpreters involved, perhaps; does Mme. Simone Veil, the Parliament's president, really need her travelling hair stylist?

At a time of recession and economies at home, Euro-Parliamentarians can hardly be surprised that someone has blown the whistle.

Soviet output falls short

By David Satter in Moscow

The Soviet economy is having one of its worst winters for years according to figures published in the weekly, Ekonomicheskaya Gazeta.

Industrial production in January and February was 2.6 per cent above the same period of last year, far short of the 4.1 per cent annual target.

The figure for labour productivity, which is expected to account for almost the entire increase in industrial output in the 1981-85 plan period, was 1.8 per cent against a target for the year of 3.6 per cent.

Among the key Soviet industries which are failing to meet their plan targets are: oil production, which totalled 98.2m tonnes for the two-month period, an increase of only 0.8 per cent; steel production, which declined in absolute terms by 0.1 per cent; coal production which declined in absolute terms by 0.5 per cent.

Any absolute decline in production is a sign of serious problems in a Soviet industry because gross output is the only important economic index in the system and output figures do not discount products which are unusable or a high level of waste.

In the area of energy, only natural gas production, which came to 76.8bn cubic metres or 7 per cent up in the two-month period, appeared on target.

ISRAEL'S ELECTIONS

Likud hopes spending spree will win votes

BY DAVID LENNON IN JERUSALEM

THE TERM economic warfare has taken on a new meaning in Israel as the election campaign heats up. The Likud government has slashed prices and taxes in a pre-election drive which has clearly caught the opposition Labour party on the wrong foot.

Originally planning an attack on the government's dismal record on inflation and employment as its main campaign theme, the Labour party now finds itself confronted by an "open purse" policy from the Finance Ministry which may distract the voters from previous government failures.

Adding to the disarray in the Labour camp is the inability to find a suitable candidate for the post of Finance Minister if it wins the elections. The continuing jockeying for position within the party has left it without an effective voice to counter the government's latest moves.

The combination of these two may account for the recent recovery in popularity of the ruling Likud block in the opinion polls. The latest polls show a five per cent swing from Labour to Likud which still leave Labour well ahead, but much further from winning an absolute parliamentary majority on June 30 than predicted by earlier samplings.

The indications are that the public is pleased by the decision of the Government's new Finance Minister, Mr. Yoram Aridor, to abandon good housekeeping for what he hopes is good politics. He has reversed many of the policies of his Likud predecessors who brought Israel a world record inflation rate last year of 132 per cent and pushed unemployment to the highest level in 15 years.

In place of attempts to cut government spending and curtail private consumption he has opted for a policy that is popularly referred to as the "end of season sale." This has involved limited-period reductions in taxation on colour television sets, small cars and other consumer durables, increased subsidies to slow the rise in the price of basic foodstuffs and petrol, cuts in personal taxation, an artificial halting of the previously encouraged devaluation of the shekel, the introduction of high-interest short-term government savings schemes. He is now pressing the banks to lower their lending rates as well as promising yet more changes.

Labour points out that Mr. Aridor's vote-catching economic policy requires a depletion of the foreign currency reserves to pay for the import of luxury consumer durables, fills the treasury's coffers with cash now from an advance on future tax revenues and encourages short-term saving over the long term. The price of this will have to be paid by the next government, Labour warns.

Mr. Aridor dismisses this as sour grapes from a Labour Party which sees its pre-election lead slipping.

BP-Shell reconsider LPG plan

By Charles Batchelor in Amsterdam

BRITISH PETROLEUM and Royal Dutch Shell are reconsidering plans to build a Fl 350m (£67m) liquefied petroleum gas terminal at Rotterdam following the Dutch Government's decision to allow a second terminal near Flushing. The companies argue that it would only make sense to invest large sums in the Rotterdam terminal if all the Netherlands' LPG imports are landed there.

The BP/Shell terminal, with initial capacity of 1.5m-2m tonnes a year was originally planned to come on-stream in 1983.

Rotterdam city council also opposes the Government plan for two terminals and has postponed indefinitely a meeting planned for April 2 to consider approval for dredging a new LPG harbour in the Europoort basin.

The Government is now believed to be divided over its LPG plans with the Economics Ministry in favour of two sites and the Ministers of Transport and Health wanting only one.

BP and Shell had hoped ultimately to increase the capacity of the Rotterdam terminal to 5m tonnes a year. They have had to agree to allow other companies to use the facility. Other oil and chemical groups already have their own small terminals for LPG in Rotterdam.

Battle for Chinese leadership flares

BY COLINA MACDOUGALL

THE BATTLE for control in the Chinese leadership has flared anew with an attack on Chairman Hua Guofeng in his old power base of Hunan province. Other important signals include a call for the rehabilitation of Confucious, the symbol of traditional ethics discarded by the Leftists, and an editorial in the People's Daily attacking "Leftist" mistakes.

This follows three months during which the political pendulum moved perceptibly to the Left, with the re-appearance of Chairman Hua (despite reports that he had resigned), fresh prominence for Chairman Mao and his doctrines, and a clampdown on political and cultural freedoms.

These conflicting trends argue that, while the leadership has papered over the cracks of disunity, the struggle for power continues with unabated force.

Officials in Hunan, where Hua held party power for 20 years, in early March publicly criticised the personality cult and the "two whatevers" (whatever Mao said was right, whatever he did not say was wrong), according to Hunan radio. Hua was implicitly attacked late last year for promoting the "two whatevers" and weaving a cult around his own personality.

The newspaper, Wen Hui Bao, on the second of March published excerpts from a scholarly article, saying that Confucius must be rehabilitated, since he was a reformer within the slave society in which he lived.

Then on March 10 a People's Daily editorial stressed the importance of correcting Leftist mistakes to promote modernisation, since they had caused all the economic errors since the late 1950s.

These new pointers accompanied the Government reshuffle in early March in which Deng Xiaoping, China's paramount leader, and his supporters appeared to be the beneficiaries (though powerful figures who gave Hua their backing in 1977-78 retained important posts).

Concessions to the hard liners were thought to have been wrung from Deng in exchange for freedom to pursue his economic "re-adjustment" and reform policies.

The re-education of China's youth is one area where the Left and Right in the leadership are united over preventing any growth of dissidence. An intensive campaign from the 1960s, the "Learn from Lei Feng" movement, has been dusted off to point morals for today's more cynical youth.

Lei Feng was a model boy-scout figure given to good deeds, like washing socks. He personified the notion of humdrum duty, well-performed, and died unromantically in a typically Chinese motor accident, when his mate knocked a telegraph pole on to him by backing his truck into it.

Politicians have closed ranks in remarkable fashion, writes **Robert Graham** in Madrid

Spain moves to the right to preserve democracy

AN UNREAL calm has engulfed Spain since the attempted military coup of February 23. The politicians are treating the armed forces with the caution normally reserved for an angry bull. The Spainsh public is looking on apprehensively, conscious that the truce is uneasy and ill-defined. Official talk tries to describe the coup anodinely as "the recent events," but the shock and dismay at what happened—and what nearly happened—has not diminished. Democracy is very much on parole.

This is abundantly clear from the politicians' behaviour. They have closed ranks in remarkable fashion and moved smartly to the Right, the direction in which the plotters wanted them to go. The Opposition Communist and Socialist Parties have conceded that they have no role to speak of in the present circumstances. They have sought, and are still seeking, a share of Government, but Sr. Leopoldo Calvo Sotelo, the Prime Minister, has rejected this. They have had no option other than to offer their support for the fragile democracy.

The two main trade unions—the Communist-controlled Confederation of Workers Commissions and the Socialist General Workers Union—are preaching the same message to their rank-and-file. Sr. Marcelino Camacho, the Communist union's leader, said this week: "The defence of liberty demands moderation." What this really means is that the militants are being warned off strikes and excessive wage demands.

The Government, in consultation with the Opposition, has begun a two-handed policy of pacifying the armed forces and reinforcing constitutional democracy. Sr. Calvo Sotelo is fully aware that the two policies are uneasy bedfellows, if not contradictory.

The armed forces are being placated in all sorts of ways. There is a generalised campaign to portray them as loyal to the constitution, explaining that the coup attempt was the work of a small group. And it looks as though the thorough investigation into those involved in the coup will be kept to the minimum.

One question is whether those generals sympathetic to the coup but uncompromised by it will be relieved of their command. According to one leading defence expert in Parliament, the answer is almost certainly not. "We can only touch the tip of the iceberg," he said.

Publication of a secret government report on the abortive coup, delivered to Parliament behind closed doors on Tuesday, has threatened a serious row between the authorities and the Press, writes Robert Graham. The media argue that publication was in the national interest.

They are supported by several parliamentary dignitaries, some of whom agreed to make tape recordings.

The government believes that confidence has been breached which could affect investigations and legal proceedings against those involved in the attempted coup.

The Ministry of Defence is also concerned that the four generals now under arrest in connection with the coup should suffer no humiliation.

More important, the Government and Opposition have given clear signs that added impetus must be given to the fight against terrorism and a rationalisation of regional autonomy. The Basque separatists and the dismemberment of the Spanish state have been major grievances of the armed forces.

The Government has now introduced additions to the December 1980 anti-terrorist law. These provide a "catch-all" for people aiding terrorists, especially the so-called "information commandos"—people gathering information for subversive acts. In the past, they have frequently been allowed to go free for lack of proof and legal backing, to the chagrin of the police and armed forces.

Precise rules and definitions have also been issued about the use of the term "nationality," to make absolutely sure, for instance, that the Basques and Catalans cannot consider themselves as separate nationalities. Neither will local or regional flags under any circumstances take precedence over the Spanish flag, again a constant irritation to the military.

By the same token, the two regions, especially the Basques, have been told they cannot make exaggerated demands for devolution of centralised powers. ETA, the militant Basque separatist organisation, is being pointed out in particular as a major *agent provocateur* of the coup, and indeed of future military action. The other side of this policy, of seeking to bring the military to heel, is to introduce legislation to cover in civil law acts of force against the constitution, and against the "Spanish nation."

The legislation is extremely vague and provides for sentences of between six and 12 years. The provisions also cover the media, providing punishment for those who support in any form such acts. Once an examining magistrate decides there is a *prima facie* case, a newspaper can be closed immediately. These provisions are aimed on the one hand at such extreme right-wing papers as the Daily El Alcazar, which allegedly was supposed to publish a coup manifesto on February 24, and on the other at such extreme nationalist publications as the Basque daily, Egin.

The politicians are conscious of the dangers of introducing such sweeping legislation, which could itself be construed as unconstitutional in some respects. But this is felt to be the only way to give the civil powers judicial teeth.

The military code now covers the military involved in the coup, with no separation of powers. Some of Spain's newspaper editors are less sanguine. They maintain that such legislation is a licence for censorship or a more invidious form of self-censorship. As it is, the Defence Ministry this week declared that no information from the armed forces on the coup attempt could be published without citing the officers' names and rank.

In the present circumstances, the main fear is that the politicians will allow themselves to be overawed by the threat of military pressure. In turn, this will put pressure on the media to sit tight. Just before the coup, a journalist who wrote about conspiracy in the army was taken to court. He lost his job. Perhaps the new anxieties will lead to repeat performances.

Gen. Armada

Gen. Milans del Bosch

Gen. Torres Rojas

Gen. Pizarro

The men facing trial

THE FOLLOWING generals have been indicted in connection with the February 23 coup. The indictment means that a prima facie case against them has been established, and further evidence will now be provided for a military trial. No date for trials has yet been set.

Gen. Alfonso Armada, member of the joint chiefs of staff and one-time military instructor to King Juan Carlos.

Gen. Jaime Milans del Bosch, Captain-General of the Third Military Region (Valencia), and one of the most prestigious generals.

Gen. Luis Torres Rojas, military governor of La Coruña and former commander of the crack Brunette armoured division quartered outside Madrid, which he joined on the afternoon of the coup.

In addition, three colonels, one major, one Navy captain, 11 army captains and eight lieutenants have been indicted. These include Col. Antonio Tejero, who led the seizure of the Parliament, an Col. Jose Ignacio San Martin, chief of staff at the Brunette Division.

In addition, Gen. Jose Leon Pizarro, commander of the main armoured division in the Third Military Region, is under arrest, as are 62 Guardia Civil officers, NCOs and ranks.

Only one civilian has been indicted: Sr. Juan Garcia Corres, formed head of the Franceist Union Movement.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

South Africa sends raiders deep into Angola

BY OUR FOREIGN STAFF

South African forces struck deep into Angola Tuesday to hit what was claimed to be a major training base for guerrillas of the South West Africa People's Organisation (SWAPO).

The announcement by the South African military, coincided with reports from Mozambique that two South African soldiers were killed on Tuesday during a six-hour battle inside Mozambique between up to 200 South Africans and units of Mozambique's frontier guard.

Reports from Maputo, the Mozambican capital, quoted official sources in the former Portuguese colony as saying the South Africans were killed and one Mozambican soldier was wounded in fighting at the coastal resort of Ponta Do Ouro near the border with South Africa.

Mozambican navy patrols first spotted the South African troops near the town, 60km south of Maputo on Tuesday evening, with border guards first engaging the intruders 45 minutes later, the reports said.

One of the South African dead, a radio operator according to the report, was carried back across the border by his colleagues, while the other was taken to the morgue at Maputo.

South Africa denied the Maputo reports. A military statement said a South African corporal had been lured into an ambush and killed by Mozambiquan soldiers as he was "walking unsuspectingly and probably innocently along the beach." The statement said border demarcation on the coast was vague.

On January 30, South African commandos raided the homes of exiled African National Congress members in a suburb of Maputo, killing 11 people.

The South African thrust into Angola—some 200 km—was one of their deepest yet. The raid was announced by the Defence Force Chief, General Constand Vilidew. He said in a brief statement the attack took place after repeated warnings to Angola from the South African Government. The statement gave few details but said all South African troops returned safely to Namibia after the strike. There was no word on guerrilla casualties.

The target was believed to lie just west of Lubango near the road and rail links with the Angolan port of Mocamedes.

Eritrea threatened by drought and starvation

BY OUR SPECIAL CORRESPONDENT

THE twin scourges of drought and war threaten thousands of people with starvation in the disputed Ethiopian territory of Eritrea.

Ethiopia's Soviet-backed army is now preparing for a major offensive against nationalist guerrillas in the disputed territory, while a severe drought is sweeping the already ravaged area, according to diplomats in Khartoum.

The expected Ethiopian military campaign will be aimed at closing the border with Sudan to incoming supplies of food, fuel, medicines and ammunition now reaching the guerrillas and the civilian population, the diplomats say.

Meanwhile, relief officials in Khartoum are reporting the deaths of tens of thousands of animals and the displacement of large numbers of peasant farmers and nomadic herders in Eritrea due to the failure of the annual winter rains this year.

Diplomats claim fresh supplies of sophisticated Soviet arms are now being airlifted into Eritrea to reinforce the estimated 60,000 to 70,000 Ethiopian troops presently bogged down in a stalemate with the nationalist guerrillas.

Journalists have for months been prevented from visiting the affected areas in Eritrea by Sudanese authorities who are seeking a rapprochement with Ethiopia

Russia trip by Gaddafy strengthens USSR link

By Our Foreign Staff

COL. MUAMMAR GADDAFY, the Libyan leader, is to visit the Soviet Union for talks aimed at "strengthening and developing friendly relations," it was announced in Moscow yesterday.

Although no date was given for the visit, it comes at a time of mounting western suspicion about the role that Col. Gaddafy is seeking to play in the Middle East and Africa.

The Libyan involvement in Chad, coupled with a continuing build-up of Soviet arms, has led to fears that Moscow regards Libya as an increasingly important asset in its attempt to develop its influence in the region.

Col. Gaddafy last visited Moscow in 1976 but his deputy Abdul Jalloud was there for talks in 1978. The Soviet Union has denied accusations from Washington that it helped to sponsor the Libyan intervention in Chad but it is widely accepted that there are up to 2,500 Soviet and Eastern European military advisers resident in Libya.

Egypt, the most committed American ally in the Arab world, has repeatedly warned of the dangers posed by Col. Gaddafy. An important part of the Egyptian army is now deployed close to the Libyan border and President Anwar Sadat has several times pointed to alleged attempts by Col. Gaddafy to stir up trouble both in his own country and in other Arab and African nations.

These accusations intensified following Libya's condemnation of the Camp David peace accords between Egypt, Israel and the United States and the subsequent pledge by Libya to unite with Syria. Little progress has been made towards unification, but Col. Gaddafy's forthcoming visit to Moscow has also to be seen in the context of the 20-year treaty of friendship and co-operation signed last year between the Soviet Union and Syria.

The Soviet Union will also be wary of the mercurial Col. Gaddafy. The Libyan leader's basic opposition to communism and his devotion to the ideal of an Islamic state makes him at best an uncertain ally. He has equally never been a reliable ally within the Arab world

MOSLEM WAR OF SECESSION IN THE PHILIPPINES

Island massacre threatens hopes for peace

BY RICHARD COWPER IN ZAMBOANGA AND EMILIA TAGAZA IN JOLO

A SERIES of tragic events on the tiny Philippine island of Pata has dealt a serious blow to Manila's efforts to end an eight-year war of secession. The war has so far claimed an estimated 50,000 lives, and displaced at one time or another some 1m Filipinos.

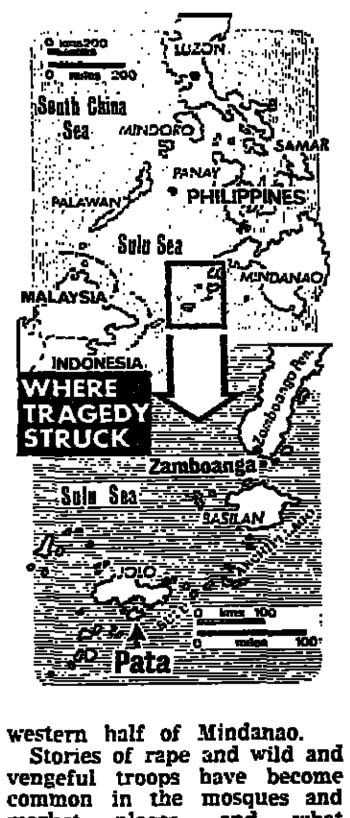
Manila has been trying to win the hearts and minds of 10,000 to 15,000 Moslem guerrillas in Mindanao and the staunchly Moslem Sulu Archipelago. But over the past month more than 1,000 more civilians are believed to have been killed in Pata—although details of the fighting are sketchy—after 119 government soldiers were massacred by ex-guerrillas.

The fighting in Pata broke out in the village of Likud on February 12, when more than 300 former members of the Moro Liberation Front co-opted into the local civil defence corps after they surrendered to the Government over a year ago, massacred 119 soldiers of the Philippine army's 31st battalion as they were about to leave the island. The ex-guerrillas are understood to have been incensed at what they believed to be military atrocities on the island.

The army has moved around 2,000 soldiers to Pata—an island just five kilometres across—to engage an estimated 300 guerrillas holed up in the jungle-clad hills. About half Pata's 15,000 inhabitants have been moved into three evacuation centres. But so far, despite reports of food and water shortages, few have been taken off the island. But many civilians are reported to have fled to the hills, while others have escaped to the nearby island of Jolo.

Estimates of casualties vary, but recent visitors to Pata, including a government official, say between 1,500 and 2,000 civilians, rebels and soldiers have been killed since fighting started just over four weeks ago. The army, which so far has refused to release official casualty figures, denies the total is that high, but Gen. Delfin Castro, recently appointed as chief of the Southern Command, admits many civilians may have been killed.

Both the army and the Government have been at great pains to play down the affair, dismissing it as "merely another tragic incident in a long line of rebel outrages over the past eight years." But attempts to hush up the civilian casualties figures and the failure to go through the motions of investigating some alleged atrocities at least has merely served to increase the suspicions and fears of many Moslems in the



western half of Mindanao.

Stories of rape and wild and vengeful troops have become common in the mosques and market places, and what happened in Pata threatens to undermine some very real gains the Government has made with its policy of "attraction, not confrontation" in the past three to four years.

At the end of 1980, it looked as if the Government's policy of pouring money into the underdeveloped south and the army's policy of "talking rather than fighting" the guerrillas out of their jungle hideouts was beginning to yield handsome dividends.

The violence had declined, while the growing number of surrendering guerrillas, although never as many as the 38,000 claimed by the authorities, was beginning seriously to weaken the guerrillas' operational ability. Equally important, many former guerrilla supporters were starting to believe the Government was seriously trying to redress their political and economic grievances. But Pata has sown again the seeds of distrust and fear upon which the rebels have thrived in the past.

The Moro Liberation Front is already using the Pata incident to recruit new members and to argue for more financial and moral support from the Arab countries while Moslem government officials in Mindanao say privately they are incensed at what they see as the army's unnecessary brutality.

Many believe rebel activity will increase significantly over the next few months as a result of the incident. Equally worrying from the Government's point of view is the delicate position of thousands of guerrillas absorbed, like those on Pata, into local civil defence forces. Some, particularly in the Sulu archipelago, are assumed to be considering returning to the Moro Liberation Front out of a mixture of fear of reprisals and anger over Pata.

President Ferdinand Marcos made a belated reference to the problem at the weekend, when he pledged more aid to the south as well as the Government's continued backing for local leaders of the two autonomous regions in Mindanao, where rebel activity has been strongest. It will, however, take more than words to convince many Mindanao Moslems that the Filipino army under Gen. Castro has not returned to the heavy-handed approach which did so much to spark off the rebellion in 1972. many government officials in western Mindanao are saying the events on Pata would not have taken place had his predecessor — a man widely admired in the south for his humane and political approach — not been replaced by a general whose objective appears to be strike first and talk later.

Australia to open up forbidden mining lands

BY COLIN CHAPMAN IN SYDNEY

AUSTRALIA is once more opening up the rich mineral province in the Arnhem Land Aboriginal reserve, and inviting mining heavyweights to put forward their applications for exploration licences in the territory, one of the most politically sensitive in the country.

Arnhem Land, which covers about 60,000 square miles about 120 miles east of Darwin in the northern tip of Australia, is still only partly explored, and prospecting has been a virtual standstill since the government imposed a freeze almost a decade ago.

But in the past few weeks the Northern Territory Administration has contacted leading mining houses and told them that a new committee has been established with the object of "reopening all applications." As Mr. Bill Johnson, Darwin manager for Conzinc Rio Tinto said: "The freeze is off."

While there are many lengthy hurdles to negotiate before exploration is allowed, a number of big mining groups are entering an area which is rich in uranium and bauxite, and where manganese, gold, copper, iron ore silver and zinc have been found. The companies involved include BHP, Comalco, Cra, De Beers, Pancontinental, Mitsui and Reynolds.

If the applications are approved then the mining companies will have to negotiate agreements with the Northern Lands Council, a statutory body with responsibility for Aboriginal reserves in the territory, and confrontations cannot be ruled out.

The change of heart emerged when Northern Territory Mines and the Energy Minister, Mr. Ian Tuxworth, said his department had approached 273 applicants, whose bids went back as far as 1969, and asked them whether they wished to continue with their application.

"The department, in consultation with the Northern Land Council, who we hope will consult with the traditional owners, will provide a mechanism for the applications to be processed in due course," he said. "I think it is fair to say that what we are trying to do is to break new ground. The process will evolve rather than be devolved.

Several companies confirm that their applications involved virgin territory in Arnhem Land. Mitsui said it hoped to search for bauxite. CRA planned to search for a variety of metals and Reynolds Mines, Nabalco and Comalco are all interested in the Wessel Islands, an archipeligo off the north coast once frequented by Japanese pearlers.

Other groups with applications to be processed include Esso, J.O.C., Mineral Resources of Australia, Queensland Mines and Union Carbide. Columns of notices naming these and other companies seeking exploration licences have been published almost daily in the Northern Territory News.

Before the freeze on Arnhem Land the most spectacular finds were iron ore, uranium and bauxite. The world's richest concentration of uranium ore was discovered at Nabarlek in 1970, and mining began two years ago in the face of sustained Aboriginal objections. Bauxite mining began at Gove in 1971.

And in the adjoining Kakadu national park, up to 15 per cent of the world's uranium reserves were discovered on the Ranger and Pancontinental leases. So far Nabarlek is the only one of the four uranium deposits that have been mined.

The new move seems to have been presaged by talks between

the administration and some Aboriginal leaders, who seem to have decided that the time has come to join the resources boom and have some say as to where prospecting takes place, rather than oppose it outright. A number of Aboriginal communities have lodged application for exploration licences, moves designed to increase their participation. In some cases the communities have formed alliances with mining companies.

U.S. facing coal strike after talks breakdown

BY DAVID LASCELLES IN NEW YORK

THE U.S. faces the near-certainty of a strike at its eastern coal mines later this month following the failure of unions and employers to agree on a new pay and conditions contract by the deadline of midnight Tuesday.

The strike is due to start on Friday week when the contract negotiated after a bitter 110-day strike in 1978 expires.

Miners at some collieries jumped the gun yesterday and struck immediately, though there was confusion as to their motives. Some apparently thought the contract had already expired, others seemed to be taking advantage of the deadlock to press local grievances.

The economic impact of a strike is not expected to be felt for some time because stocks are plentiful. Coal-users have built up stocks in anticipation of a strike and probably have enough to keep them going for at least three months.

The United Mineworkers Union had insisted on agreement on a new contract by Tuesday because it needs 10 days to circulate the details and get them ratified by the 160,000 workers involved. Both sides claim they are still willing to go back to the negotiating table to try to bridge the large gap which separates them.

To emphasise the gravity of the breakdown, the union has dismissed its 39-man bargaining council. But this is more of a symbolic move since the union has kept on its five-man negotiating team in Washington where talks with the Bituminous Coal Operators Association have been going on.

At a news conference early yesterday, Mr. Sam Church, the union's president, said the recess did not mean there was an "uncrossable chasm" but he indicated that the two sides were still far apart. On pay, the union wants a package worth 46 per cent over three years, but the employers have offered only 20 per cent. There is also disagreement over pension funds, worker safety, working hours and medical insurance.

Martin Dickson writes: A prolonged miners' strike could hit the British Steel Corporation, which imported more than 2m tonnes of coal in 1980, most of it from the U.S. The strike would have virtually no impact on Britain's other big coal importer, the Central Electricity Generating Board. The board has bought more than 1m tonnes of U.S. coal in the past year but its contracts expire at the end of the month, after which its imports will be coming from Australia.

Ban to remain on CIA espionage at home

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

PRESIDENT Reagan is "absolutely opposed" to any changes in the charter of the Central Intelligence Agency that would enable it to conduct espionage operations inside the United States.

Mr. Edwin Meese, the President's counsellor and right-hand man, characterised recent reports that such a change was under consideratinon as "a tempest in a teapot" and the handiwork of those who were prepared to fight any easing of *restrictions on CIA activities.*

He was supported by Mr. William French Smith, the Attorney General, who told a congressional committee that he was not about to surrender his supervisory powers over the CIA.

Mr. Meese conceded that a review of the CIA's operation was under way. It was designed partly to make the agency more effective in the counter-terrorism field. But this would not lead to any diminution of President Carter's proscription *in 1978 on domestic espionage.*

Canute James in Kingston reports on efforts to protect the West Indian islands from rising oil prices

Caribbean states hunt oil to pour on troubled economies

FACED WITH deteriorating economies and severe balance-of-payments problems caused by the increasing price of oil, the Caribbean Commonwealth countries have started searching in their own backyards for fuel. Several countries have signed contracts for surveys and exploratory drillings with U.S., *Canadian and European* companies, in what amounts to a desperate effort to reduce the oil bill.

Those involved in the search include oil-rich Trinidad and Tobago, which has accumulated financial reserves of $2.2bn from oil exports, and Jamaica, whose oil imports this year will cost $425m of the $650m it *expects to earn from exports.*

The search for oil in the Caribbean has been fuelled also by the fact that earnings from the regions raw material and agricultural exports have been lagging in the past eight years, having increased by only 2 per cent in real terms since 1973. However, the oil import bill for 11 of the 12 English-speaking *countries of the region* (Trinidad and Tobago is excluded), has grown six and a half times over the same period, standing at $1bn last year.

The effects of the increasing *cost of oil have* been the same on the weak, insular economies of the region, except for Trinidad and Tobago. There is an *inability to* finance basic imports of food and raw materials, and the volume of imports is rigorously policed.

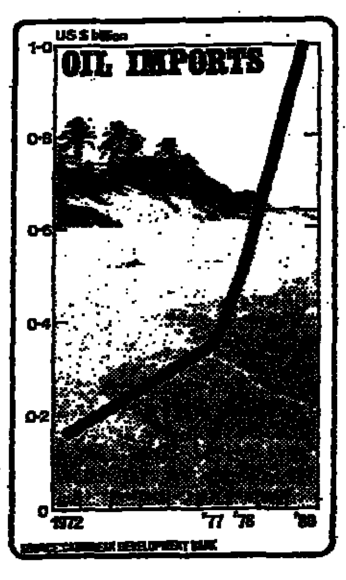
Barbados and Jamaica have had some relief through oil rebate facilities extended to eight Latin and Caribbean countries by Venezuela and Mexico. But the relief is temporary. "They are granted a rebate on oil purchases in the form of loans, but the loans have to be repaid. Trinidad and Tobago has also offered an oil facility to the other 11 members of the Caribbean Economic Community. Guyana has already obtained a loan, and Jamaica is negotiating one.

Despite these facilities, the Commonwealth Caribbean countries all cherish dreams of striking oil. In Jamaica, which depends on imported oil for 99 per cent of its energy, *the search has been supported* by a $23.5m loan from the Inter American Development Bank.

Geophysical surveys were done off the west and south coasts with help from the Norwegian Government, and the island's government then offered rights in five blocks over 3,600 square miles. Rights to three blocks were bought by Union Texas of Houston and Agip, part of Ente Nazionale Idrocarburi of Italy. The companies have profit-sharing agreements with the government-owned Petroleum Company of Jamaica, and drilling is scheduled to start in a few weeks.

The government also intends to start onshore *drilling* on its own soon. Although surveys have identified the presence of hydrocarbons in the areas to be drilled, the authorities are *not* being over-enthusiastic. Mr. Raymond Wright, director of exploration of the Petroleum Company of Jamaica, says the chance of finding oil in commercial quantities is about one in 25.

Barbados is in a slightly more favourable position. The island produces some oil from known *reserves* of 1m barrels. But it had to import 968,000 barrels last year, and the Government is hoping to reduce this. The Government has asked Mobil to take geophysical surveys, to be completed by the middle of this year.



Regional geophysicists believe, however, that Guyana has the best chance of finding oil in commercial quantities. The Government is to establish a state-owned corporation to deal with exploration and mining, but has signed contracts with several companies already *operating* in the country.

Home Oil and Gas of Alberta, Canada, is leading a consortium exploring 2,225 square miles of the Takatu Basin in the interior. Mr. Hubert Jack, Guyana's Mining and Energy Minister, says that surveys show the *chances* of finding oil are "extremely favourable." Contracts for exploration in the Atlantic off the east coast have been *signed with* a major American oil company.

Further west, Dennison Mines of Canada and Seagull Oil of the U.S. are *exploring offshore*. The World Bank is reviewing Guyana's mineral potential, and Mr. Jack says he expects assistance from the Bank for oil exploration.

Mr. Jack supports the geophysicists' optimism about Guyana. "We are confident that when we drill we will find oil," he says.

Trinidad and Tobago, which has refining capacity for 360,000 barrels a day, and which has proven reserves of 700m barrels, has attained a per capita income of $3,120. But the Government in Port of Spain is searching for more.

After a recent $5.5m contract with Western Geophysical of the U.S., *surveys are under way* off Trinidad's north and east coasts, while more wells are being drilled in the Gulf of Paria by Mobil and the state-owned Trinidad and Tobago Oil Company (Trintoc).

Trinidad and Tobago shares the same oil-bearing strata as neighbouring Venezuela, and there is confidence in Port of Spain that the Gulf of Paria drilling will be fruitful.

Except for these offshore drillings in Trinidad, the chances of finding commercial quantities of oil elsewhere are *not encouraging*. In most areas, the Caribbean falls away steeply from the islands' shores in much the same way as it falls away from *mainland continental* shelves.

Oil deposits in these fields are likely to be in small pockets, *and wells could be worked only* at production costs as high as $18 a barrel.

But given the battering the Caribbean *Commonwealth* economies are taking from high oil prices, and with the constant threat of prices rising ever higher, even that price will not be too high if the oil is their own.

Mediation team for El Salvador

BY HUGH O'SHAUGHNESSY, RECENTLY IN SAN SALVADOR

*AN INTERNATIONAL media*tion team is to be appointed soon to seek a peaceful solution to the civil war in El Salvador.

It is expected to include a senior U.S. Senator with international experience, a leading Latin American political figure and a representative each from the West German Social Democratic Party and the Italian Christian Democrats.

The convening of the team is the result of growing international pressure for a nego*tiated settlement of the war*. It reflects the misgiving among many U.S. politicians about Mr. Reagan's policy of supporting a military solution to the unrest

It also mirrors the fears of Latin American and European countries, led by Mexico and Venezuela, of further advances by Marxist-Leninists in El Salvador and of what they see as dangerous U.S. interventionism in Latin American affairs.

When President Luis Herrera Campins of Venezuela visits Mexico City next month he is expected to join with his host, President Jose Lopez Portillo, in a new call for negotiations.

Napoleon Duarte: may agree to negotiations

The prospects for talks are *however* bedevilled by the attitudes of hardliners in the insurgent camp in El Salvador and among the military backers of President Jose Napoleon Duarte, leader of the Salvadorean junta.

Talks are also looked on askance for the moment by the U.S. Administration which wants to pump military supplies to the Duarte junta and forecasts an early victory over the guerrillas.

Some U.S. observers believe the guerrillas can be beaten within six months after which elections could be held, perhaps as early as October 11. However U.S. optimism about a quick end to the war and a quiet, clean poll are looked on elsewhere as extremely optimistic, even by some in the Duarte camp.

Though carefully reserving his own position on talks, President Duarte has accepted the possibility of a negotiating session outside El Salvador.

Delay in IMF's Jamaica negotiations

By Canute James in Kingston

NEGOTIATIONS between *Jamaica and the* International Monetary Fund for credits to the island's hard-pressed economy are being delayed apparently by disagreement on the economic performance goals that would be set before each tranche of the funds were released.

Mr. Edward Seaga, the Jamaican Prime Minister and Finance Minister, last week told a meeting of several Western countries which have pledged $350m in aid to the island that agreement would be reached "in a few days." However, he said in Parliament on Tuesday night that the agreement would *not be concluded for another* fortnight.

Representatives of some of the commercial banks, which are owed about $500m by Jamaica are also on the island for discussions with Mr. Seaga on rescheduling the debt.

Mideast expected to top Haig's agenda in London

BY OUR FOREIGN STAFF

THE FUTURE of the European initiative on the Middle East *is expected to dominate* talks in London next month between General Alexander Haig, the U.S. Secretary of State, and Lord Carrington, *the British* Foreign Secretary.

Mr. Haig will visit London on April 9 and 10 after his first tour to the Middle East since taking office in January. In talks in Egypt and Israel he *will sek to build* on the Camp David agreements between the two countries and the previous U.S. Administration.

As part of that process the Reagan Administration has begun sounding out Congress on plans to station U.S. troops in the Sinai as America's contribution to a multi-national peacekeeping force following *the final withdrawal of Israel* from Egyptian territory next year.

Gen. Haig is also to visit Jordan and Saudi Arabia, both of which oppose the Camp David agreements and are also concerned at the emphasis the Reagan Administration is giving to military rather than political *approaches to the problems of* the area.

The apparent desire of the U.S. Administration to build up its military strength in the area as part of the development of its Rapid Deployment Force has caused widespread anxiety in the Gulf.

Britain and the U.S. are divided on the extent to which the Palestinians should be brought into peace negotiations. Lord Carrington is also known to be concerned about the need *for the West to press* South Africa for a settlement in Namibia. President Shehu Shegari of Nigeria has been strongly *backing* Third World demands for an oil *embargo* of South Africa during his current visit to London.

WORLD TRADE NEWS

GKN 'set to win' £87m deal in E. Germany

By Leslie Colitt in East Berlin

GKN contractors stand an "excellent chance" of winning a DM400m (£87m) contract to build a foundry for the East German truck industry, according to Lord Trefgarne, the visiting British Secretary of State for Trade.

This was his impression after talks with East German officials at the Leipzig East-West trade fair.

The foundry, to be built in Leipzig, is to produce engine blocks and is being bid for by three other Western companies.

Krupp of Essen believes it has a better than even chance of gaining the contract after losing a DM 1.6bn deal to build a converter steel mill in East Germany to Voeest-Alpine of Austria. The entire cost of the foundry is to be paid for with various East German products.

Marubeni Corporation of Japan is also bidding for the foundry along with the West Berlin-based engineering consultancy, Berlin Consult, which is working with Steyr-Daimler-Puch. The contract is expected to be awarded in the next few months.

Lord Trefgarne noted that Costain is negotiating with East Germany to jointly build a truck factory in Angola.

Large West German companies remain optimistic about their trade with East Germany despite E. Berlin's plans to cut new investments in favour of modernising old plants.

A representative of one West German company, which has built billions of DM's worth of plants in East Germany said there will continue to be medium-sized projects for Western firms in East Germany, such as chemical plants and perhaps tyre factories.

An Eastern trade specialist with a leading West German steel and engineering company said Western companies doing business with E. Germany must be prepared to take everything in payment from "wooden garden sheds to steel products."

The Thyssen company is demonstrating an industrial manipulator at its stand which is drawing East German technicians by the thousands and, it is hoped, will lead to specific inquiries from the East German foreign trade organisation.

● Poland and East Germany signed a trade agreement for 1981 at the fair yesterday, East German newspapers reported. No details were given.

W. German opportunities in Comecon grow

BY KEVIN DONE IN FRANKFURT

EAST BLOC countries are moving the emphasis of their capital spending away from large industrial projects towards greater investment in energy production and conservation, light industry and consumer products.

According to Hoechst, the West German chemicals group which together with Uhde, its process plant engineering subsidiary, is one of the Federal Republic's leading traders with the East Bloc, the centrally planned states' scope for development is being handicapped increasingly by limited financial resources.

With one-third of the world's population and considerable raw materials reserves, their potential for growth was still immense, Herr Willi Hoerkens, Hoechst Board member with responsibility for East/West trade said yesterday, but the impact of the financial squeeze was unavoidable.

West Germany is the most important single western trading partner of the East Bloc and in chemicals it accounts for 50 per cent of EEC trade and 35 per cent of OECD members' trade with the area.

The financial problems arising from the high level of state indebtedness were particularly acute in Poland and Yugoslavia, said Herr Hoerkens. For the first half of 1981, the West German Government had set a short-term export credit guarantee ceiling of DM 300m (£65.2m) for Poland, of which about half would be available for chemicals.

Negotiations for this sum were in progress with the Polish banks. The foreign currency problems of Yugoslavia had also worsened recently, said Herr Hoerkens, although steps taken by Bonn, the IMF and the EEC should help to maintain the industrial countries' trading links with Yugoslavia.

Hoechst enjoyed an exceptional year in trade with the East Bloc last year (including Yugoslavia and China) boosting sales by 25 per cent to DM 1.9bn of total world sales of some DM 29.7bn, a share of some 6.5 per cent.

The major boost to trade came from exports to the USSR, Hungary and China, with fibres, plastics, pesticides, industrial chemicals and dyestuffs accounting for most of the increase.

The Hoechst subsidiary Uhde is negotiating with East Germany a major process plant contract, which could be worth some DM 500m-DM 600m for the construction of an acrylates plant, probably close to the Buna chemicals complex completed last year by Uhde at a cost of some DM 1.1bn.

The plant would be for the manufacture of acrylic acid, acrylic acid testers and polyacrylates, which are chiefly used as binding agents for exterior building paints. Hoechst was hopeful of signing a contract for the plant by the end of the year, said Herr Hoerkens.

The group is also developing its links with the East Bloc through a series of co-operation and framework agreements. An agreement on technical co-operation was reached recently with Hungary, and the company has just signed an agreement on the exchange of goods with Romania. A similar agreement is likely to be signed later this year with Bulgaria.

Move for electronics 'protection'

BY STEWART FLEMING IN FRANKFURT

A GROUP of leading West German electronics companies is considering asking the Government in Bonn for "temporary protection" in the face of a sharp increase in colour television tube imports from Japan.

According to Herr Wolfgang Seelig, President of the West German Electrical Industry Federation, there is growing concern about what is seen as unfair competition.

Prof. Rudolf Scheid, the chief executive of the Association, emphasised yesterday, however, that the Association as a whole is firmly opposed to protectionist measures to help German industry, emphasising that the pressure was coming from only a few companies, although he conceded it was being directed through the Association.

Colour television imports from Japan had increased from 6 per cent to 10 per cent of the German market between 1979 and 1980 and tube imports have a higher market share.

Among factors worrying the German producers are the export promotion support the Japanese manufacturers receive and the problems created by the fact that Japanese exports are being diverted to the German market because of restrictions imposed.

Rubber company to link with Japan, U.S. groups

BY OUR FRANKFURT STAFF

FREUDENBERG, a West German plastics and rubber processing group, is planning to set up a joint venture in the Federal Republic together with Japanese and U.S. partners to manufacture electronics components for the automobile industry.

The company, which has an annual turnover of more than DM 2.2bn (£500m) said the first step in the venture would be a licensing agreement with Mektron of Japan, a subsidiary of Nippon Oil Seal—in which Freudenberg itself holds a 25 per cent share—and Rogers, a U.S. electronics group, which would allow it to import the components to Germany.

Westinghouse, Framatome accord

BY DAVID FISHLOCK, SCIENCE EDITOR

WESTINGHOUSE ELECTRIC expects to earn more from its licence agreement with Framatome, the French nuclear reactor group, during the 1980s than it earned during the 1970s, in spite of its smaller share of the French company.

This was stated yesterday following the signing in Geneva of a new technology transfer agreement between Westinghouse and Framatome for the Westinghouse design of pressurised water reactor (PWR).

Under the agreement, Framatome will pay annual fees to Westinghouse for the decade 1982-92 for using the Westinghouse PWR technology.

In addition, Framatome will continue to pay royalties to Westinghouse until 1988 for any PWRs it sells up to November 29, 1982.

The agreement was negotiated last November but the signing was conditional upon its having the approval of the French and U.S. Governments.

It was signed in Geneva on Tuesday, by Mr. Ted Stern, executive vice-president of nuclear energy systems for Westinghouse, and Mr. Claude Leny, chief executive of Framatome.

Mr. Gordon C. Hurlbert, president of Westinghouse Power Systems, said yesterday: "Framatome is a great success and we are proud of that." With Westinghouse help, a relatively small company had been built up into an important international company, he said.

Westinghouse would be receiving research and development data, and information on the performance of the French-built PWRs, to incorporatei nto its own new designs, said Mr. Hurlbert. By the end of 1980, France had brought 13 PWRs on load, seven of them during 1980.

British power group in £11m Iraq deal

By Hazel Duffy, Industrial Correspondent

AMALGAMATED Power Engineering has won an £11m contract for the supply of pumps and pumping equipment to Iraq.

They will be required for six pumping stations associated with the Karkh water supply project for the Baghdad Municipality Water Authority, which is modernising and extending the water supply system for Baghdad.

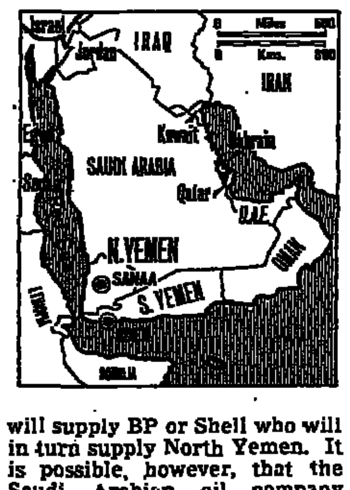
The contract, won against international competition, specifies that APE-Allen of Bedford will be responsible for engineering the pumps, co-ordinating the manufacture and delivery of associated plant and equipment, installation and commissioning the pumping stations. Work will start before the end of next year and is scheduled for completion in May 1985.

The total value of the contracts on the Baghdad water supply system is £705m.

● Dunlop International has entered a joint venture with National Development Company of the Philippines to develop a 5,000 hectares oil palm estate on Mindanao at an eventual cost of £20m.

North Yemen in oil switch from Kuwait to Saudis

BY PATRICK COCKBURN IN SANAA



NORTH YEMEN is to switch its oil purchases from Kuwait to Saudi Arabia under an agreement being negotiated which will tie the state more closely to Riyadh.

Over the past nine months, the high price of petrol in North Yemen has led to three quarters of it being smuggled into the country from Saudi Arabia. With the government dependent for much of its income on custom duties this has led to a significant drop in government revenues.

For the past two years, crude from Kuwait has been shipped to Aden refinery in South Yemen and the product is then sent on to North Yemen, which produces no oil of its own.

A deal whereby Libya would supply oil products has apparently remained a dead letter. Saudi Arabia has long been anxious to limit the influence of radical Arab states such as South Yemen and Libya in the North Yemeni capital of Sanaa.

The government-owned Yemen Petroleum Company is meant to supply the country with about 88,000 tons of petrol per quarter, but its prices are being undercut by two-thirds by independent tanker owners operating from Saudi Arabia. The government is hoping to crack down on these tanker drivers soon.

Under the deal, Saudi Arabia will supply BP or Shell who will in turn supply North Yemen. It is possible, however, that the Saudi Arabian oil company Petromin will supply petrol, diesel and kerosene direct from Jeddah.

This could lead to a drop of 50 per cent in the price of petrol, according to businessmen in Sanaa.

Over the past year, the government has become very anxious about the increase in smuggling across the long border with Saudi Arabia.

Excluding aid from abroad, customs duties provide 75 per cent of the administration's revenues and the regular arrival of financial subventions from Saudi Arabia was uncertain in 1980.

UK may delay U.S. fibre curbs

BY RHYS DAVID

THE UK GOVERNMENT seems likely to delay pressure for further EC measures against U.S. exports of fibre and fibre products until the 1981 trade pattern becomes clearer.

A report on discussions with the U.S. on textile trade issues was presented to the EEC Council of Ministers on Tuesday by Herr Wilhelm Haferkamp, Commissioner for External Relations. This revealed that few developments had taken place since a report in February.

The U.S. Administration has met its commitment to inform the U.S. textile industry of the concern felt in Europe at its aggressive exporting activities, but has not followed up these talks with action.

The most important move by the Americans, Herr Haferkamp reported, had been to start some of the legislative processes needed to enable European producers to gain access to cheaper American supplies of paraffinic naphtha.

European chemical groups which have been complaining that American competitors enjoy substantial raw material price advantages because of low U.S. energy prices are dismissing this move as irrelevant, and are claiming that the more important raw material aromatic naphtha will still not be available.

Further talks between U.S. officials and the EEC are taking place in Brussels and an EEC team led by Viscount Etienne Davignon, the Commissioner for Industry, is due to visit the U.S. shortly.

The hope is that the Americans can be persuaded in these talks to consider voluntary restraint but in any case UK Ministers are arguing privately that the problem could begin to solve itself.

They are basing this belief on the alteration in dollar-sterling parity which has begun to make U.S. goods less competitive, on action already undertaken by the U.S. authorities to de-regulate oil prices, and by a similar promise to hasten de-regulation of gas.

Mr. Cecil Parkinson, Minister for Trade, did, however, indicate that if the problem persisted the UK could be obliged to take emergency action.

This could be measures under one of the articles of GATT or negotiations with the U.S. for a full-scale multi-fibre arrangement agreement.

UK NEWS

ASSESSING THE 20P RISE IN TAX

BY SUE CAMERON

Diesel fuel increase widens Continental price advantage

BRITISH *industry could* be much harder hit by the Chancellor's measures on fuel prices than has so far been realised.

The political storm over the *20p a gallon increase* in petrol tax has centred on the plight of the country motorist, obscuring some of the more potentially damaging effects of the Budget *on industry. The best* example is the extra 20p on the price of derv diesel fuel.

The rise in the price of derv is likely to have a far more severe impact on UK industry than the increase in petrol charges because the pump price of derv is now far higher than in most other Continental countries.

The UK pump price of derv is estimated to be around 162p a gallon, which compares with 121p a gallon in West Germany and 111p in France. This huge disparity in prices is almost entirely the result of Britain's higher tax.

The UK tax on derv—duty plus VAT—was higher than in most other continental countries even before the Budget but the 20p a gallon increase has widened the gap still further.

There are very few privately owned diesel cars in Britain—proportionately far fewer than on the Continent. But industry on both sides of the Channel runs its heavy transport lorries on derv because the fuel is more efficient and gives more miles per gallon.

Road hauliers are not the only ones to be hit by the derv duty of 63p a gallon and VAT at 21p. Many trains also run on diesel, so manufacturers will face steep increases in their transport costs whether they rely on road or rail.

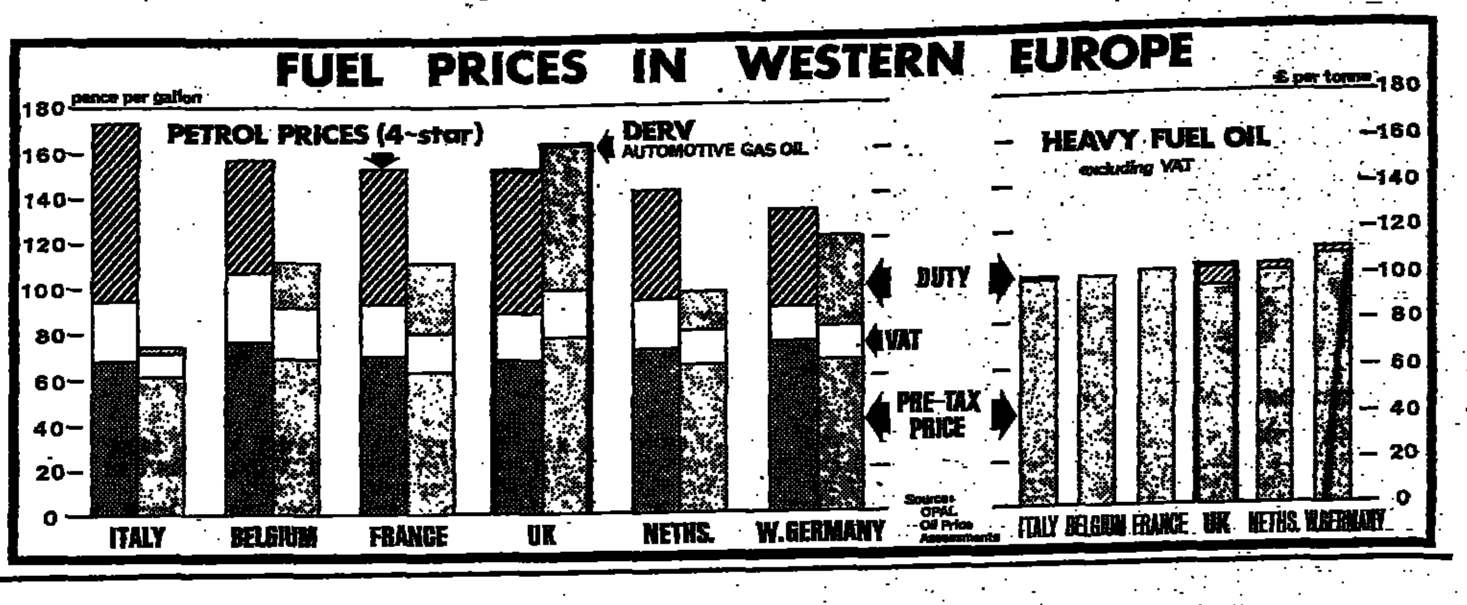
They will either have to see their profit margins even more tightly squeezed or try to pass on their increased costs in the form of higher prices. But some *will find* they are up against Continental competitors who enjoy substantially lower transport costs.

Most UK manufacturers do not pay the full pump price for derv—they buy in bulk and therefore receive a discount. But then so do their Continental competitors. The tax differential remains the same.

The rise in petrol prices has been causing headaches for the oil industry itself. Shell admitted yesterday that petrol prices need to rise by 4p to 5p a gallon to restore profit margins. Other major oil companies have been saying much the same thing in private since the Budget.

The oil companies—to say nothing of dealers—are making substantial losses on their petrol operations. Many of them are clearly frightened that the 20p a gallon increase in tax will make their plight even worse.

Furthermore, despite brave calls for higher pump prices the oil companies are aware that they have little chance of achieving the longed-for increases. There are still plentiful supplies of petrol in Britain and the glut is intensifying competition—despite the Budget moves.



£138,000 for 'lost' Zoffany painting

A "LOST" painting by the 18th century artist Johan Loffany sold for an artist's record of £138,000, plus the 11.5 per cent buyer's premium and VAT, at a Sotheby's auction of British pictures yesterday.

The painting was brought into Sotheby's Torquay saleroom—it had not been seen in public since the 1885 Royal Academy Exhibition. The portrait group of Colonel Blair and family with an ayah made a high price because it dates from Zoffany's years in India in the 1780s.

SALEROOM

BY ANTONY THORNCROFT

Only about a dozen of Zoffany's Indian pictures have survived. Another missing Zoffany, sent from Australia for attribution, "A *scene* in the Champ de Mars," sold for £4,000 to the Regensburg Museum, Germany.

Other high prices in a sale which totalled £785,990, with a modest 9 per cent bought in, were £85,000 from Frost and Reed for a portrait of Mr. and Miss Bonner by Arthur Devis; £42,000 for a portrait of three girls, from the Circle of Robert Peake; and £61,000 for a view of Harnham Church by Constable.

At Christie's a copy of John Gould's "*Birds of Australia*" in eight volumes with the supplement, including 681 hand finished lithographs, sold for £46,000 to the London dealer Burgess.

Barkers redevelopment plan given all-clear

BY MICHAEL CASSELL

HOUSE OF FRASER has won planning consent to redevelop its Barkers department store in Kensington High Street, London.

The planning committee of the Royal Borough of Kensington and Chelsea has approved extensive redevelopment plans which are intended to improve the store's poor contribution to group performance.

The scheme will reduce the existing Barkers sales area from about 288,000 sq ft to 180,000 sq ft gross and will provide just over 200,000 sq ft office space on the building's top four floors.

A new multiple store and three shop units will be included in the development.

House of Fraser has used the redevelopment potential within a number of its 109 stores as a major weapon in its efforts to fight off the bid from Lonrho, which automatically lapsed last month on the announcement of a Monopolies and Mergers Commission inquiry. The Commission's report is expected within about six months.

In its last circular before the investigation was announced, the group revealed a property portfolio revaluation of £336.9m, providing a book surplus of about £185m and giving a net asset per share value of 392p.

The directors said the Barkers store represented a perfect example of the additional asset values built into the group's properties which could, through partial conversion, be unlocked.

Six stores within the group are said to have a redevelopment potential which could more than double their new valuation. A further 22 properties are considered by the board to be suitable for study with a view to partial redevelopment.

Mr. George Willoughby, House of Fraser finance director, said last night the directors were delighted that their plans had been approved.

"We will now be able to proceed with plans which will revitalise the Barkers building in a way which allows House of Fraser to maintain a substantial and profitable presence in Kensington High Street. We are also pleased to be bringing employment to the area with the creation of 216,000 sq ft of offices."

Mr. Willoughby said no tenants for any of the new space arising out of the redevelopment had been lined up. The scheme is expected to take between two and two and a half years to complete.

The Barkers store was recently listed *as a building of* architectural interest by the Department of the Environment. But the planning authority has given permission for the scheme on the basis that the external appearance of the building will not be substantially altered.

Mr. Willoughby said certain conditions attached to the planning approval should not prevent redevelopment.

Solicitors seek High Court Judgeships

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

SOLICITORS ARE *renewing* their battle to break barristers' monopoly of High Court judgeships.

The Law Society's Gazette, the profession's *weekly journal*, says solicitors who have sat as circuit judges should be eligible for promotion to the High Court.

Since 1971 both solicitors and barristers have been appointed circuit judges and, "despite the misgivings of the Bar, the experiment has proved a resounding success."

The Lord Chancellor had said more judges were needed to try criminal cases in the High Court, but had resisted an attempt to amend the law so as *to enable solicitor circuit judges* to be promoted.

"Why, when there is a shortage of top quality barristers suitable for appointment to the High Court bench, is the Lord Chancellor *minded to* debar from appointment a group of circuit judges whose judicial qualities have already been tried and tested?" the Gazette asks.

Impact of nuclear war on industry examined

LIFE IN a post-nuclear war age would be worth living for some, and industry might be able to *keep going* to a limited extent.

Mr. John Clayton, director of the Scientific Advisory Branch of the Home Office, told a seminar in London that various *measures could be* taken to save many people from the effects of a nuclear explosion. But that would be expensive.

"A substantial number of lives could be saved, depending on the insurance premium we are prepared to pay," he said. Deep shelters could be provided for the 10 per cent of the population most at risk in big cities, with *other forms of* protection for the rest.

"But the estimated cost would be at least £8bn, equal to the UK's annual defence budget.

The conference, organised by the Nuclear Protection Advisory Group, was devised to advise businessmen on how to prepare for nuclear war. They were advised that efforts to provide protection for workers could be useful in the event of a nuclear attack during working hours.

This could take the form of deep shelters, provided either by civilian organisations, or by industry itself.

The conference was picketed by members of the London Peace Action Organisation, protesting against the development of nuclear weapons.

Fraud squad ends Lloyd's probe

THE CITY of London Police *Fraud Squad has completed its* investigation into possible irregularities in business transactions of five Lloyd's underwriting syndicates. A report has *been submitted to the Director* of Public Prosecutions.

The syndicates, numbers 753, 751, 750, 752 and 757, whose affairs were formerly managed by Ashby and Co., were suspended from trading in August 1979 after a request to Lloyd's 16-strong ruling committee by the Ashby management.

Police were *called* in to investigate the problems by Lloyd's in January 1980.

Right attitude to State industries

THE GOVERNMENT is coming to terms with reality in dealing with the problems of nat*ionalised industries*, said Lord Kearton, former chairman of the British National Oil Corporation yesterday. Speaking at the Institution of Civil Engineers, *Lord Kearton said that* the Government had adopted a sensible and practical approach to the difficultes facng British Steel and British Leyland.

"It has also made a courageous decision to provide additional assistance to coal to ensure that the industry's ability to develop the resources which will be so important to the economy in the future will not be destroyed by the consequences of measures of short term expediency," he said.

Lord Kearton warned that public industries, by their very nature, could not change strategy immediately to respond to fluctuations in the market like companies in the private sector.

Second gilts prospectus to overcome confusion

BY CHRISTINE MOIR

The Bank of England is to issue a supplementary prospectus for its new £1bn "pension funds only" index-linked gilts, because the first prospectus unwittingly excluded many hundreds of genuine pension funds from applying.

The new version of the prospectus, which is being published in newspapers today, takes account of the fact that a large number of funds are still awaiting approval from the Inland Revenue which alone gives them the status of tax exempt schemes under 1970 Finance Act.

The Bank's original prospectus limited applications to fully-approved *exempt schemes* and required trustees to sign a declaration including their Inland Revenue approval number.

The backlog of legal problems and the queue at the Inland *Revenue since 1978*, when about 6,000 pension funds in the private sector "contracted out" of the State pension scheme, has meant that many hundreds of *funds are still awaiting* approval. Without an Inland Revenue number they were unable to apply for the new gilt under the definitions in the first prospectus.

Now the Bank has extended its definition of eligible pension funds to schemes which have applied to the Inland Revenue for treatment as an exempt scheme under the 1970 Finance Act and whose application is "currently being considered."

The trustees must now sign a declaration saying that their applications are being considered and that they "reasonably expect" that when the Inland Revenue approval comes through it will apply to at least 95 per cent of their income.

The tangle at the Bank of England arose because this is the first such issue of Government stock restricted to tax-free funds. Furthermore it was *designed under conditions of* Budget secrecy which prevented the Bank from approaching the institutions to see whether technical problems *might arise.*

The Bank did, however, give itself *sufficient* time to remedy any hitches. The closing date for the issue, which is expected to go to a premium, is unchanged at Friday, March 27.

The formula adopted by the Bank of England, presumably with the aproval of the Inland Revnue, to include funds still awaiting exempt status could create an important precedent for other areas of investment.

Godwins, a firm of consulting actuaries which advises many pension funds and which was among the first to point out the problem to the Bank. The firm pointed out that full approval from the Inland Revenue as "exempt scheme" is also a prerequisite before pension funds can buy units in Authorised Unit Trusts.

By law authorised trusts are restricted to full approved pension funds and charities.

The backlog for approval has meant that many funds have been unable to take up units in such popular unit trusts as Far Eastern trusts and High *Yielding funds.*

U.S. resists foreign pensions tax plea

BY CHRISTINE MOIR

UK PENION funds have run into opposition from the U.S. Treasury in their attempt to win tax exemption for their investments in the U.S.

Proposals to give foreign *pension funds operating in the* U.S. the same tax freedom as local funds, "would cause a transfer of U.S. tax dollars from the U.S. Treasury to the *treasuries of foreign Governments,*" Mr. John Chapoton, the Assistant Treasury Secretary, told a sub-committee studying Senator Moynihan's Bill which *proposes the tax relief.*

Mr. Chapoton estimated that the tax loss to the U.S. Treasury was about $90m in the first year on the investments of UK, Dutch and Japanese *pension funds* alone.

The National Association of Pension Funds in the UK has appointed lawyers to lobby the U.S. *Senate for the privilege of* tax exemption which is increasing in importance with the growth of UK pension funds' investments in the U.S.

One estimate puts the tax bill the UK funds are currently paying at no less than $50m.

The NAPF *is* not thought to be worried about the initial opposition *from* the U.S. Treasury which it sees as a political stance aimed at testing reaction to the Moynihan Bill.

Eight major U.S. insurance *companies have testified to the* Senate sub-committee that they strongly support the Bill as a way of attracting foreign capital investment in the U.S.

They *are also pressing for* the legislation in their own interest. Senator Moynihan's Bill rests on reciprocal treatment being *extended* by foreign *governments to* U.S. pension managers (of which the insurance companies are the leaders). A clause in the Bill would empower the U.S. Secretary *of State to* withdraw tax exemption from pension funds of countries which do not give tax exemption to U.S. *funds.*

Britain is 'fiscal paradise'

By Tim Dickson

THE UK is a "fiscal paradise" which compares favourably with traditional tax havens like Jersey, Monte Carlo and Liechtenstein, the Economist Intelligence Unit says in a report published yesterday.

The report says the UK "has introduced such bountiful tax and exchange control legislation" over the past few years *that in some respects it has left* all other tax havens "far behind."

In particular the report points out that the UK has been used by knowledgable *foreign* businessmen for many years to protect profits earned elsewhere.

The unit says it is unofficially estimated that more than 4,000 *non-resident* companies enjoy tax-free status. In addition the UK has double tax agreements which "reduce or eliminate tax on dividend, royalty and other *types of* payment between countries."

The UK as a Tax Haven, EIU Special Report No. 95, price £50.

Heseltine loosens housing reins

BY WILLIAM COCHRANE

LOCAL AUTHORITIES are to get greater freedom from Government control over their housing projects but will be made more directly accountable to voters on costs, said Mr. Michael Heseltine, Environment Secretary, yesterday.

He described existing arrangements as the Department of Environment "double banking, double guessing and interfering in every minute detail with local authorities."

In a Parliamentary written reply Mr. Heseltine said that new procedures would come into effect *on April 1.* Mandatory minimum standards and cost limits for local authority housing "will disappear."

The DOE would retain a veto over land acquisition and *would* still "intervene" where questions of high costs or low standards arose. "We want to avoid gold plating and stop jerry building," Mr. Heseltine said.

The changes would lead to a saving of about 100 jobs at the DOE.

In another written reply, Mr. John *Stanley*, Housing Minister, announced the ending of the present system of double scrutiny by both *the* Department and the Housing Corporation *of housing* association projects funded by the Housing Corporation in England. On April 1, "*a system* of single scrutiny by the Housing Corporation will come *into* effect," he said.

Crock of gold has a chrome lining

BY DAVID MARSH

AN ALL-PARTY group of MPs yesterday asked Britain to start international talks to restore to Albania a £17m crock-of-gold bullion lodged in the Bank of England.

The gold, representing Albania's entire pre-World War II reserves of the metal, is at the centre of a 35-year-old dispute which has blocked diplo*matic links between Britain* and the isolated Balkan State.

Mr. Ivor Stanbrook, Conservative MP for Orpington, yesterday led a delegation to the *Foreign and Commonwealth* Office to ask for the gold to be returned.

Albania is refusing to restore diplomatic links, broken in 1946, *unless the gold is given* back. This, Mr. Stanbrook said, is damaging Britain's export trade.

Mr. Peter Blaker, Minister of State at the Foreign Office, yesterday made clear, however, that the Bank of England cannot restore the gold without *international* agreement.

Mr. Stanbrook was accompanied by MPs Mr. William Wilson, Labour, and Mr. Daffyd Elis Thomas, Plaid Cymru, and by other members of a group campaigning for restoration of diplomatic links with Albania.

Between 1939 and 1943 the 2.4 tonnes of bullion weaved a trail across Europe from Tirana, the Albanian capital, to Berlin, via Rome.

The bullion was deposited at Threadneedle Street, at the end of the war, after the Allies captured the German capital.

It has remained in London since. A post-war tripartite commission comprising Britain, France and the U.S. was set up to restore gold looted by the *Germans.* It refused to return the gold to Albania.

This was because the West still has unsettled claims against Tirana. One of these arises from the blowing up of two British destroyers in Albanian territorial waters in 1946.

The ships struck mines while sailing through the channel between Albania and the Greek island of Corfu, and 44 British seamen were killed.

In 1949 the International Court of Justice ruled that Albania should pay Britain more than £800,000 in compensation. This has not been paid.

The *matter* has been complicated by a U.S. claim against Albania, dating to 1951. This, too, has not been settled. Mr. Stanbrook said yesterday that MPs would ask Mrs. Thatcher to meet President Reagan to solve the problem.

Mr. Stanbrook's group claims that diplomatic links would boost Britain's *export of manufactured* goods to Albania, and would increase access to the country's strategically important chrome deposits.

At the moment trade between the two countries is all one way. Last year Britain exported £1.5m-worth of goods, mainly coal, to Albania, while Albanian exports to the UK were worth £107,000, nearly all tinned fruit and vegetables.

TO GET YOUR BUSINESS GOING WE'RE ADOPTING A RATHER UNUSUAL POSTURE.

You may think that bankers' necks are constantly protected by high, starched collars.

But we believe that the time's come to stick ours out a bit, at least as far as smaller businesses are concerned.

We share the Government's view that a lot of thriving small businesses can do much for the country's growth and help reduce unemployment.

So we're using phrases not often found on bankers' lips, like "easy repayment terms" and "low security requirements".

Our Business Start Loan provides start-up capital for new projects: £5,000 to £50,000 for five years.

One of the most attractive features is that you don't pay interest in the traditional way, on the amount of the loan outstanding. You pay an agreed amount of royalty linked to your sales performance.

So the amount you pay is likely to be lower to start with, when interest payments are least affordable.

You repay no capital during the term of the loan, but you must repay it at the end. Unless we agree to convert it to a medium-term loan.

Security requirements are remarkably low. They boil down to a straightforward charge on the assets purchased. No personal security is needed at all.

Our Business Expansion Loan is designed to finance the purchase of plant, property or any other capital assets which small or medium sized businesses might need to expand.

You can borrow from £5,000 to £500,000 for up to twenty years.

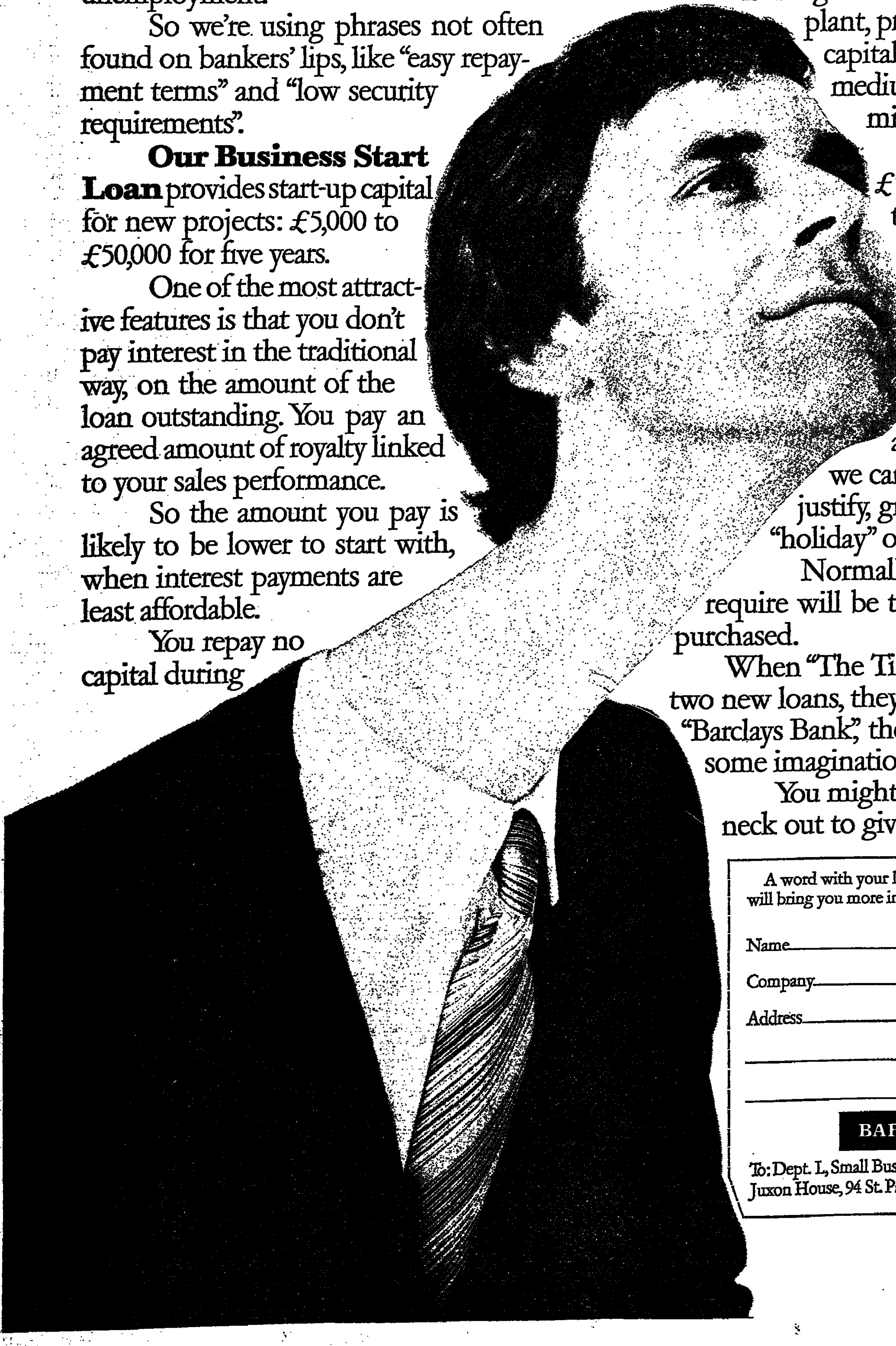
Repayments are made monthly and you can choose a fixed or variable rate of interest.

And because you may not initially make a profit from these assets, we can, where circumstances justify, grant a capital repayment "holiday" of up to two years.

Normally, the only security we require will be the capital assets you've purchased.

When "The Times" heard about our two new loans, they were not unimpressed. "Barclays Bank," they said, "is showing some imagination."

You might say we're sticking our neck out to give you a leg up.



A word with your local Barclays manager, or this coupon, will bring you more information on our new loans.

(BLOCK CAPITALS)

Name__________

Company__________

Address__________

FT1

BARCLAYS BANK

To: Dept. L, Small Business Unit, Barclays Bank Limited, Juxon House, 94 St. Paul's Churchyard, London EC4M 8EH.

Martin Dickson weighs industry's prospects for boiler-conversion

Getting all steamed up

"THE PHONES haven't stopped ringing since the Budget," says a happy marketing man at the National Coal Board. The Chancellor's budget announcement that £50m will be provided in the next two years to help industry convert its boilers from oil to coal firing has prompted a steady stream of inquiries to the NCB.

The Government scheme is a welcome boost for the board. The NCB has grown increasingly anxious about the slowness of progress in the past year. Although many industrialists have expressed a firm interest in switching back to coal-firing few have been able to justify the necessary capital costs in the middle of a recession.

The grants scheme could be of crucial importance in tipping the balance in favour of conversion. The £50m could eventually generate additional coal sales of more than 2m tonnes as well as giving £200m-worth of help to the depressed boiler-making industry.

"In 1979 about 10 per cent of orders placed for new steam-boilers in the UK was for coal-fired plant," said Mr. Barry Moore, marketing manager for NEI Thompson Cochran, the major shell boiler manufacturer. Last year the figure rose to 15 per cent. We expect the Government grants will give a further boost to the trend."

But why should an industrialist switch back to coal-firing and how will the grants help him?

Details of the scheme are still being worked out by the Government, but it seems the grants will cover up to 25 per cent of the capital costs of installing coal-fired equipment. The money will be dispensed under the Industry Act, which imposes a limit on grants of £5m for any one project.

Inquiries to the NCB indicate that demand is likely to be heavy. The Government has not said what criteria it will use in allocating the money but it is likely to be on a first-come-first-served basis.

Further assistance might eventually be available from the EEC, which is considering the introduction of low-interest loans for boiler conversion. British officials believe this could be complementary to the grants scheme.

The most obvious advantages of switching back to coal-firing are those of fuel cost and availability.

The Budget provided £50m to help industry convert its boilers from oil — to coal-firing. This has stimulated coal and boiler-making industries.

Coal now costs 50 per cent to 60 per cent less than oil on a thermal equivalent basis. The gap may narrow somewhat in the mid-1980s when the commissioning of new coal-burning equipment boosts demand, but coal is expected to retain a substantial price advantage as oil becomes scarce.

The advantage is narrowed by the greater costs involved in handling coal compared with oil or gas. But new equipment has greatly simplified coal-handling in recent years. The fuel can now be blown pneumatically by pipeline into boiler-houses and the ash removed in the same way.

"There is a need to educate people to the fact that coal is a comparatively easy fuel to deal with," said Mr. Moore. "Older engineers remember it from the 1950s as a dirty fuel, difficult to handle. Younger engineers have no experience of it."

Coal-fired boilers may enable fuel-cost savings to be made but the capital cost of installing plant is often two to three times higher than that for oil-fired equipment. Against this, however, the coal plant tends to be more robust and to have a much longer life — about 40 years against 20.

It is difficult to generalise about the cost of installing new coal-fired plant because much will depend on the individual factory and its needs.

For example, some large manufacturing companies which use big water-tube boilers to produce high-pressure process steam could consider converting their existing boilers rather than ordering new equipment.

But for technical reasons conversion is not a practicable proposition for the most common type of equipment—purpose-designed oil- or gas-fired shell boilers.

Other factors which will influence costs include a factory's steam-pressure demands and its load variance, the sheer physical constraints of a site, the type of coal-handling equipment needed and the degree of automation required.

All this means capital costs can vary from about £50 per tonne of installed annual coal-burning capacity to about £120.

The time between deciding to convert to coal-fired boilers and the raising of steam can vary from one to five years. NCB officials estimate that once installed the equipment is likely to show a return in four to five years. But there are cases when it can be shorter than that.

One boilermaker quotes the example of a company with a heavy steam-raising requirement—30,000 lb an hour, 24 hours a day for 48 weeks a year—which expects to get a payback within three years.

But with interest rates as high as they have been over the past year many manufacturers have been hesitating over conversion, looking for a return in under three years. The Government grants, coupled with falling interest rates, should help them come to a decision.

Moorfield aims to double turnover

By Ray Perman, Scottish Correspondent

MOORFIELD Manufacturing, the company set up by Massey Ferguson to save some of the 1,500 jobs lost in the closure of its combine harvester factory at Kilmarnock, is aiming for a turnover of £3.5m in the coming year.

The concern said yesterday that in its first 12 months it had trebled its workforce from 54 to 160 and made sales of £1.5m.

It has already canvassed 300 potential customers and won orders from 35 of them, but will make a renewed drive in the coming year to sell to a further 250 concerns.

Moorfield uses the specialist equipment left behind by Massey, including heavy presses for sheet metal and a £90,000 paint plant, to provide a sub-contract service to manufacturers in the engineering industry.

Its first year's work included contracts for Massey Ferguson's tractor plant at Coventry won against competition from a Midlands company, steel equipment cabinets for IBM and sheet metal work for Leyland Vehicles.

In addition, Moorfield has orders worth £2m from Rolls-Royce, British Aerospace, Hyster and others for the design, manufacture and maintenance of machine-tools.

Mr. Alex Reid, works manager, said: "Our total order book now stands at £2.5m so there can be no doubt that we are fully competitive on quality, delivery and price.

"All the Moorfield workforce is absolutely committed to making the firm a success and I have no doubt that our target for a £3.5m turnover in 1981 is achievable."

Recession forecast to reach bottom near end of year

BY DAVID MARSH

THE LOW POINT of Britain's worst post-war recession may have been reached about the turn of the year, but there is no guarantee of any strong recovery, according to the Government's latest batch of economic indicators published yesterday.

The Central Statistical Office concedes that its conclusion that the worst of the recession has been passed is still only tentative.

The Statistical Office's optimism is based on the strong increase in retail sales in January, which helped to stabilise its composite index of coincident economic indicators at the turn of the year following 12 months of continuous falls.

This index is meant to be broadly in line with the economic cycle, although Whitehall statisticians admit that the correlation is only rough.

The relative strength of the January coincident index was aided by the lack of any further deterioration in the number of companies reported as working below capacity in the CBI's quarterly industrial trends survey that month.

In spite of the big increase in retail sales at the beginning of the year—partly due to active New Year sales promotions — industrial porduction in January continued to drop sharply. This suggested the view of many analysts outside Whitehall that the trough of the recession had still not been reached by then.

The Statistical Office previously forecast that the trough could be reached some time this spring, based on the performance of its forward-looking leading indicators.

The longer term indicator—which looks ahead to turning points in the economy over the next year or so—rose again in February as a result of falling interest rates and a rise in share prices. This index has now been rising since November, 1979, although it fluctuated sharply last spring.

The short-term index, which normally indicates turning points occurring up to roughly six months ahead, rose in the latest month of January following an improvement in industry's order and stocks positions and a sharp rise in consumer credit.

More data will be needed, the Statistical Office points out before it can say definitely whether or not the low-point of the recession has been reached. And it warns that even if the turning point is confirmed, this will give no guide to the strength of the recovery.

The Goverment's indicators seem to have furnished some of the reasons for optimistic Ministerial statements on the economy in the wake of last week's deflationary Budget. But many private setor forecasters believe that the bottom of the recession will be delayed until the summer or later. Even then, they say, the recovery will be

Ansells brewery closure 'final'

BY GARETH GRIFFITHS

ALLIED BREWERIES has told the Transport and General Workers' Union that its decision to close the Ansells brewery in Birmingham is final and that unless an agreement is reached soon on redundancies another two depots in the city could be closed with the loss of a further 400 jobs.

The brewery closure involves the loss of 600 jobs. The remaining 400 of the 1,000 production staff employed at the brewery are to be offered new jobs at two transport depots at Aldridge and Gravelly Park.

Allied says these extra jobs could be at risk because of a delay in a settlement, although no deadline has been set for an agreement.

Sir Derrick Holden-Brown, vice-chairman of Allied Breweries, Ansells' parent company, said yesterday the company wanted the redundancies issue resolved as soon as possible. Otherwise Allied would have to bypass the depots as it had bypassed the brewery, he said.

Allied announced the closure of the Ansells brewery on February 9 after a month-long strike over short time working and redundancies. Sir Derrick said unit costs in Birmingham had been the highest in the country and production workers at Ansells had not co-operated in the past few years.

He said the failure of the TGWU and Ansells to agree on redundancies was preventing 400 people from coming back into new jobs and 600 people from claiming ex-gratia redundancy payments.

Innotron rights issue raises £100,000

INNOTRON, a medical technology company in which the National Enterprise Board has a 29 per cent stake, has raised £100,000 from a U.S. venture capital company, by way of a rights issue.

The deal will give Cambridge Banking Partners of Denver a 32 per cent share in Innotron, whose sales of a machine used to assay biological samples reached £500,000 last year. This is a technology in which Britain leads the world.

The NEB intends to put in another £48,000 to keep its shareholding at about 30 per cent. Oxford Instruments group, with 21 per cent of the Innotron equity intends to put in a further £34,000 to maintain its share. This makes a total of £182,000 in new finance available to Innotron, raised from the issue.

The company makes the Hydragamma 16, a device for measuring gamma radiation in biological samples in batches of up to 16 at a time.

The brainchild of Professor Timothy Chard of St. Bartholomew's Hospital, London, the counter with its computerised measuring techniques, speeds up the clinical technique of radioimmuneassay, which is gaining importance in medical diagnosis.

NCB £10m contract goes to Simonacco

THE National Coal Board has awarded a contract valued at £10.5m to Simonacco of Carlisle, a Simon Engineering company. It is for a coal preparation plant at Hucknall Colliery in the board's South Nottinghamshire area. The plant is due for commissioning in 1982.

Motorway link with N. Wales opened

AN £18m road scheme, providing Northern England and the Midlands with a motorway link to North Wales, has been officially opened.

The major part is the final 6½-mile section of the M56, which is now 35 miles long and carries traffic from south of Manchester to north west of Chester.

£9.6m scheme for Peter Port harbour

GUERNSEY's government is to study a reclamation scheme at St. Peter Port harbour costing an estimated £9.6m at today's prices.

The development, outlined in a report commissioned from consulting engineers Lewis & Duvivier, involves the construction of a large yacht marina, a jetty, road improvements, and parking for 700 cars.

Philip regrets lack of sports facilities

PRINCE PHILIP spoke sharply about the lack of recreation facilities in major cities, at the annual meeting of the Central Council of Physical Recreation.

As president of the CCPR, he deplored the decline in numbers of sports grounds and school playing-fields.

"The tragedy is that industrial companies have been selling or developing their sports grounds for several years, and now it seems that the few schools lucky enough to have playing-fields are also beginning to get rid of them," he said.

250 new jobs for Livingston

LIVINGSTON New Town has announced that 16 companies will open in the area this year. About 250 jobs will be created by autumn, offsetting job losses caused by the closure of the MFE Corporation, a computer equipment manufacturer.

Among the new companies are Schweppes, which will open a distribution centre, a furniture manufacturer and and ice cream maker and distributer.

Management consultants 'hold their position'

BY ARNOLD KRANSDORFF

BRITISH MANAGEMENT consultants, whose activities have been hit by the recession at home and political problems in the Middle East, are experiencing an increase in inquiries and business, according to an organisation representing more than half the country's business advisers.

The Management Consultants Association, which has about 1,700 individual members, said an improved climate among its 25 member-firms in the second half of 1980 has been sustained in 1981.

But Mr. Martin Vandersteen, the association's chairman, said 1981 was still not going to be an easy year "either for our clients or ourselves."

He said the total fee-income of the association's member-firms increased 16 per cent to £61.87m in 1980. "Taking inflation into account we are holding our own," he said.

In the year, the number of consultants employed dropped by about 7 per cent, largely due to lower levels of recruitment. This trend appears to have been reversed.

The private sector continues to be the greatest user of management consultancies, accounting for 86 per cent of fee-income.

The public sector's contribution dropped from about 20 per cent to 14 per cent in 1980, reflecting Government spending cuts.

Overseas, fee-income dropped dramatically in the Middle East and North Africa but was more than made up by increased activity in Western Europe, the U.S. and elsewhere in Africa.

Mr. Vandersteen said a significant area of employment in 1980 was the amount of so-called "rescue" work carried out by member-firms,

He said in the private sector work was buoyant in the financial, consumer and energy industries but manufacturing was hard hit,

Upgrading of NATO base 'would damage community'

BY OUR FINANCIAL STAFF

THE PROPOSALS for a £40m upgrading of the NATO base at Stornoway Airport would cause irreparable damage to the community and the island way of life, Mr. Donald J. Stewart, SNP MP for the Western Isles, told a planning inquiry yesterday.

The inquiry, ordered by the Secretary of State for Scotland after the Western Isles Council refused to grant planning clearance to the Ministry of Defence, is being heard by Mr. A. G. Bell, chief inquiry reporter at the Scottish Office.

Mr. Stewart, who was giving evidence on behalf of the Isles council, until recently lived near the airport at Holm. He was concerned at the way the upgrading plans had escalated since they first became public knowledge.

"The people feel we should not have this at any price. In addition to danger in the event of war, there would be danger in peacetime through air accidents. It would mean a complete disruption of the community and also affect Sabbath observance."

Under cross examination by Mr. A. O. Edward, counsel for the Ministry, he admitted that there had been good relations between the local RAF station and the community.

Asked by Mr. Bell if his fears for the way of life were based on the proposed increase of 30 personnel at the base, Mr. Stewart replied: "Our fear is based on the experience of what happened at the rocket range in South Uist and that like it the Stornoway base will inevitably escalate."

The inquiry continues today.

Call for extra power over police

FINANCIAL TIMES REPORTER

The Director of Public Prosecutions or the chairman of the Police Complaints Boar dshould be given extra powers to supervise—but not control—present police procedures for investigating serious complaints against themselves, says a report published yesterday by the Home Office.

However, the report rejects the idea of forming a special team of detectives led by a top lawyer to look into allegations of serious assaults by police.

The report, by a working party which included Home Office officials, chief police officers and the Director of Public Prosecutions, follows the triennial review of the complaints board, published last year.

The complaints board had proposed that complaints of serious injury should be investigated by a specialist body of investigating officers, recruited by secondment from police forces.

It would have been answerable to a leading lawyer, who would ensure that the investigation had been properly carried out.

Sir Thomas Hetherington, Director of Public Prosecutions, agreed with the police associations' views on the present system and thought that his involvement in the process of investigation and his responsibility for recommending whether there should be a prosecution was already an independent element in the process—although this was not fully understood by some critics.

Sir Thomas thought the appointment of an independent supervisor could affect his constitutional relationship with the police as DPP and create considerable practical difficulties during an investigation.

The board, chaired by Lord Plowden, had proposed new machinery that would deal only with complaints involving serious injury and not consider mere scratching or bruising, whether the injury could be shown to be justifiable or not.

But the Home Office's working party thought that such a restriction would not be satisfactory because the seriousness of a complaint of assault did not necessarily depend on the seriousness of the injury.

It proposed that deputy chief constables would be required to refer a complaint which alleged that police action had been responsible for a death or serious injury if they thought it could have been caused in the way alleged.

Serious injury would be defined as medical evidence of fracture, damage to an internal organ, impairment of bodily function, deep cut or laceration—but not bruising or superficial laceration.

Clearing banks offer 'final' 10%

BY NICK GARNETT, LABOUR STAFF

THE LONDON clearing banks yesterday made a "final" pay offer, believed to be 10 per cent, to the Clearing Bank Union in negotiations on their clerical staff pay. The offer will also be made to the Banking, Insurance and Finance Union today.

The first phase of industrial action, to be announced today, is expected to be selective stoppages for about 24 hours. This tactic was used by the union in Midland's computer centres two years ago and led to considerable disruption of bank business. It took about three days to clear the effects.

Further stages of industrial action could involve longer stoppages and different targets within Barclays and Lloyds, and *perhaps in other banks.*

BIFU officials might decide to launch industrial action, at least in the first phase, geared to disrupting bank work while minimising the effect on customers.

This could initially involve hitting computer operations that deal with updating of accounts, rather than with cheque clearing.

The offer, is thought to have been considered unsatisfactory by the CBU negotiators who appear to be seeking rises of about 11.5 per cent. The union's officials were meeting last night.

The banks' previous offer had been 9.25 per cent but during previous negotiations they said they would be prepared to go above this.

BIFU, which is seeking rises of 12 to 13 per cent, will today announce details of industrial action at Lloyds and Barclays computer centres in pursuit of its claim.

The union's members at two of Barclays computer centres—Wythenshawe, Cheshire and Gloucester—have voted for industrial action to obtain rises in line with the RPI. This *follows a similar vote at Lloyds* computer centre at Sampson House, London, earlier this week.

Hitting the updating of accounts would create a backlog of information which would normally have been fed into the computer.

BIFP has been taking the lead in preparing plans for industrial action, while CBU officials have been preparing for a vote.

Linwood men give up fight to save plant

BY RAY PERMAN, SCOTTISH CORRESPONDENT

WORKERS AT Talbot UK's Linwood car plant, voted yesterday to give up the fight against its threatened closure and asked their shop stewards to press for the best redundancy terms available.

Mr. Jimmy Livingston, Transport and General Workers' Union convener at the plant, who led the fight to keep it open, said he was bitterly disappointed. The Scottish TUC described the workers' decision as understandable but tragic.

Mr. Jimmy Milne, general secretary of the STUC, said: "I am deeply pessimistic about the attraction of major new sources of employment, given the suicidal economic policy of the Government. A fight is necessary, I am sorry it will not be at Linwood."

The move comes a day after Mr. George Younger, the Scottish Secretary, said in a letter to the local authority that he considered the decision by Peugeot SA, owner of Talbot, to close Linwood, as irrevocable.

The plant is due to close at the end of May, with the loss of 4,500 jobs.

The Labour Party and trade unions have pledged themselves to fight the decision and the transport union said it would "black" the import of cars made by Peugeot and its subsidiaries into the UK.

Purnell to cut jobs

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE LOSS of more than 800 jobs at Purnell, BPC's major book printing subsidiary, has been agreed between Mr. Robert Maxwell, the company's new chief executive, and the print unions.

Redundancies will cut the main Purnell workforce at Poulton, near Bristol, from over 1,000 to around 180. The smaller, photogravure plant will retain its 462 workers, with changes in working practices.

Mr. Maxwell said last night: "The reason for the very substantial reduction is the impact of the recession, and the high price of sterling which has virtually eliminated the chance of export orders."

A final agreement on economies across the entire BPC workforce of 10,500 is expected today. Last week, the unions agreed to cuts of 635 workers at the group's main photogravure plant, Sun Printers of Watford.

● Odhams has warned 2,000 workers at its Watford printing plant that some 500 jobs will be lost unless agreement on a new wages structure is reached by April 1.

The warnings have also been sent to the general secretaries of the print unions. The company claims that the plant has been making losses for the past 10 years and has relied on subsidies from its parent group, IPC.

Dock union leaders seek to widen strike

BY OUR LABOUR STAFF

DOCKERS leaders in Southampton decided yesterday to seek sympathetic industrial action in British Transport Docks Board ports throughout the country. This follows the suspension of all cargo operations in Southampton last week because of lightning strikes over a pay dispute.

Prospects of a national dockers' confrontation with the BTDB are likely to rest on the results of a mass meeting of Southampton's 1,600 dockers today, called to consider the latest developments in the dispute.

The dockers claim that Southampton employers have breached the provisions of the National dock Labour scheme in refusing to allow a return to work unless they undertake to end disruptive action over pay.

Mr. Ritchie Pearce, chairman of the ports shop stewards committee, said yesterday that the committee had passed an emergency resolution calling on the Transport and General Workers Union to convene a recalled national docks delegate conference to discuss the Southampton dispute made official by the union last Friday.

Southampton port employers, dominated by the BTDB, sent dockers home last week following two 24-hour lightning strikes over a claim for comparability of earnings with non-registered dock staff

The employers argue that the dockers have refused to honour their working agreements and that they are unable to operate the port unless they can be assured of normal working.

Tinplate men challenge BSC plan in court

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE LEGALITY of the British Steel Corporation's survival plan was challenged in the High Court yesterday by workers at the Velindre tinplate works near Swansea.

The Velindre workforce will be run down from 2,245 to 674 under the plan produced by Mr. Ian Macgregor, the new BSC chief, last December.

Lord Gifford, counsel for the trade union side of the Velindre works council, told Mr. Justice Mais that the plan was invalid because the unions at Velindre had not been consulted.

The 1975 Iron and Steel Act imposed on the BSC a duty to consult employees' organisations before reaching any conclusions on any review of the corporation's affairs. The issue was whether the survival plan had resulted from the kind of review covered by the Act.

The Velindre workers said it had. The BSC contended that the Act had in mind only reviews of the corporation's organisational structure.

Lord Gifford said the plan had been accepted by, and implemented in, the majority of the corporation's works.

But the Velindre men sought an injunction stopping its implementation at their works until BSC had listened to their views.

The hearing continues today.

Post Office scheme sorts out inefficiency

Nick Garnett reports on a crucial decision facing postal union

A CRUCIAL decision on the future of the postal services will be made next month at a special conference of the Union of Communication Workers. It will decide whether to accept a recommendation from the union's executive to extend and make permanent the experimental productivity schemes operating in 210 offices.

The postmen's union executive has a mixed record at recent conferences in obtaining the decision it wants. There is already total opposition from some big branches and the debate could be a bloody one.

A rejection would result in the Post Office unilaterally deciding to force the pace on efficiency with a certain rise in disruptive disputes.

The schemes—now involving 24,000 workers (out of the 120,000 who could eventually be covered by them—have allowed the industry to reverse, for the first time in about 15 years, a gradual slide in productivity within its parcels and letter handling.

Crumbling levels of efficiency were most marked in London. During that period, postal traffic fell by 30 per cent in the capital but manning by only a third of that.

As a result, a greater amount of slack, unproductive time infected the working systems of large parts of the postal service, already labour intensive and prone to inefficiency.

With the postal workers' traditional attitude that earnings could only be raised through overtime the number of malpractices multiplied and became virtually endemic, particularly in the big sorting offices.

The pace of sorting work and the way it was organised was increasingly geared by postal workers to the protection of time-wasting, job protection and extending the possibilities of earning overtime money.

Sorting office management has been caught in a vice—under pressure from senior management to maintain daily delivery schedules but facing day to day opposition on the shopfloor to faster work.

Local management has inevitably been sucked into all this, giving the nod in many offices to postmen leaving work before their paid hours are finished and in some cases turning a blind eye—often under the threat of a stoppage—to making what is in effect "phantom" overtime pay.

The speed of deliveries was maintained well above average European standards but at a big and rising cost in overmanning, overtime wages and poor shopfloor relations.

Mr. Bill Cockburn, the relatively new director of the London postal region, says that by 1979 the postal operation in the capital was on the point of virtual collapse.

The Improved Working Methods, schemes negotiated with union officials tailored to local conditions, are now turning the tide. Nationally, 230 schemes (some offices have more than one) have been introduced since the first one in June last year. In London there are 114 schemes covering 46 per cent of the capital's postal workforce.

Those in London have saved 2m-3m staff hours and involved the payout of £3m in bonuses, averaging £9.50 a week per worker. The target is for a further reduction of 7m staff hours over the next year.

That would mean that within two years, the number of hours needed to shift letters and parcels will have to come down by a tenth.

One of the offices that management and the union say has shown particularly dramatic productivity improvements is the big parcels operation at London's south-eastern district office. This handles about 70,000 parcels a day—including all parcels for delivery in inner London south of the Thames and for delivery to the whole of Surrey.

The office used to have one of the worst productivity records in the capital and up to a year ago missed despatching parcels on time four days in five. On some days 10 to 15 per cent of parcels that should have been sent out remained in the building.

Under the IWM scheme changes in four principal areas have been made in this office.

● **Labour malpractices,** known in labour relations terms as Spanish customs. Many of them have now been removed. These have included unofficial tea breaks and unofficial extensions of the 10-15 minute recognised refreshment stoppages.

Mr. John Knowles, UCW branch secretary, and Mr. Colin Rutland, branch assistant secretary, say these are now clearly defined and generally not exceeded.

These practices have also included work pacing. A postal worker usually signs for a particular duty—sorting parcels destined for Kent, for example. In the past it has been virtually impossible to move that man to another sorting section of the office—for example north-east and Scotland—where there may have been a much greater load of parcels to handle.

Workers simply paced themselves in their own sorting areas to ensure that the work there filled up their scheduled hours. The effect was that parcels in other overloaded areas mounted.

Mr. Ken Spaccatrosi, the office's parcels general manager, says much of this has been eradicated as well as the practice of allowing workers to leave before their paid hours were finished.

● **Time flexibility.** Before the IWM scheme Postal Higher Grades, senior sorters, for example, would all go off together for their 45-minute main meal break, with the result that the office came to a virtual standstill.

Now, duty patterns have been altered to allow tea breaks and meal breaks to be staggered, thereby allowing work continuity.

● **Demarcation.** The higher grades are now called upon to do more general sorting work, something which in the past they have refused—although general sorters do not like this to happen on a regular basis.

Minor administrative staff are also called upon now to do sorting work up to a maximum of two hours a day. This alone is saving an average 470 man hours of overtime per week.

● **Manning.** South - eastern office now has 156 higher grade staff and 417 postmen. As part of the scheme, 15 senior staff and 33 postmen's jobs have been taken out. Manning levels on truck loading teams have been reduced.

The effects of the scheme in the parcels office have been dramatic, says Mr. Bill Line, the district's postmaster.

Productivity—relating traffic flow to man-hours—has risen by 10 per cent. Overtime has fallen from about 12 hours to nine hours a man.

The office is also consistently hitting all its quality of service targets—the other part of the IWM schemes. This means that parcels are being despatched on time. He also points to a significant improvement in atmosphere and co-operation on the shopfloor.

Mr. Cockburn says that in London as a whole there is still a long way to go even to restore productivity to the levels of the 1960s. Management is determined to keep up the momentum.

sition to improving productivity has stemmed from the union's London branches. They were, however, worried at the prospect of drastic cuts in the service, who swung round last year to support the schemes.

The London branches were first in the field to back IWMs but there is still resistance there to them. Mr. John Taylor, UCW London district organiser, says much of this opposition comes from Trotskyists. "They won't approve anything on changes but they won't suggest alternatives either."

Some branches though are seeking a decision at the special conference to increase payments under the schemes which could also be unpalatable to the Post Office.

National union officials still appear to be warily confident that the special conference will back the executive's recommendation.

UK NEWS—PARLIAMENT and POLITICS

Steel hits out at the naming of Hayman

By Richard Evans, Lobby Editor

THE NAMING by a Conservative MP on the Commons order paper of the diplomat referred to in the Old Bailey pornography trial was criticised by Mr. David Steel, Liberal leader, in the Commons yesterday.

Mr. Steel argued that the way Mr. Geoffrey Dickens (Huddersfield West), had used the protection of Parliamentary privilege to name Sir Peter Hayman, former High Commissioner in Canada, "created a very dubious precedent."

There was loud support from MPs when Mr. George Thomas, the Speaker, commented: "The privilege of free speech and the protection we enjoy is one that we must cherish . . . there is a special obligation on us all to make sure we never abuse that privilege."

The Speaker added that the two questions on yesterday's Order Paper, one calling for the prosecution of Sir Peter, and the other advocating the setting up of a Commons select committee into the security implications, were "technically in order."

Mr. Steel, a member of the Commons privileges committee, argued that it was difficult to defend the system if there were signs that on occasion it was abused. He said that it was an extension of the use of privilege not just to name a person in the Chamber, but to use the Order Paper as a means of doing so.

Sir Michael Havers, Attorney General, who had advised Mr. Dickens against naming Sir Peter, commented in a statement: *"This should never have* happened. There cannot be any justification for it . . . all Mr. Dickens has done is to make certain that Sir Peter's shame and embarrassment is known to the world."

Foot predicts no wins for Social Democrats

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

NO SOCIAL DEMOCRAT will win a seat at the next General Election, Mr. Michael Foot, leader of the Labour Party, predicted yesterday.

Mr. Foot, speaking at a Parliamentary Press Gallery lunch, also took a few swipes at the Conservatives and said he foresaw that Mrs. Thatcher would still be in power to lead them into the next General Election.

But most of his speech was devoted to a major counter-attack against the breakaway Social Democrats who announced on Tuesday that they intend to launch themselves as a fully-fledged political party next week.

Mr. Foot argued that the General Election will be a neck-and-neck battle between the two major parties with the outcome uncertain.

"I repeat my prophecy and underline it," he said. "I don't think a single Social Democratic candidate will be successful at the next General Election."

He agreed that public opinion polls gave a different impression of their chances. But he did not believe the polls on such matters.

The Social Democrats, however, claimed that they did believe the polls. If this were the case he wondered why they were not taking advantage of these by submitting themselves to the test at by-elections.

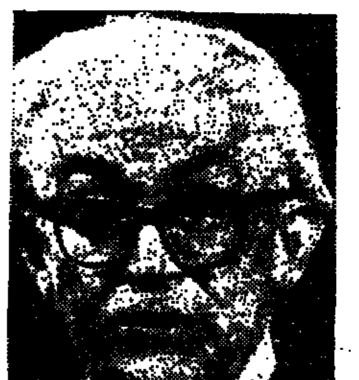
He was not prophesying that they would all lose their deposits at a general election, although he thought this was quite possible.

"They will need a lot of money to deal with the deposits they lose, if indeed they put up the number of candidates they suggest."

This was the reality and anyone looking at the figures for the constituencies would see that his argument could be sustained, he said.

He also thought that very few of the present Social Democrats would stand in the constituencies they now represent. They would look elsewhere because they foresaw the fate of their own seats.

Mr. Foot was particularly critical of the prominence given by the Social Democrats to proportional representation (PR). This seemed to be the only item of real agreement between them and the Liberals.



Foot: new party will need a lot of money to deal with lost deposits

He saw serious objections to PR because it breached the close association between an MP and the individual constituency. The system made it very much easier to launch a new party from London but was wholly against the form of British democracy.

A major trouble with PR was was that the voter did not know what kind of compact might be made by the various parties after an election. Dr. David Owen claimed *that* he was standing by the manifesto on which he had fought the last General Election for the Labour Party. But Mr. Foot did not think Dr. Owen had explained to the voters of Devonport that his number one item was PR.

Mr. Foot said there was a deep objection to the Social Democrats continuing to sit in the Commons as a group when they had been elected on the policy of the Parliamentary Labour Party.

The planned Social Democratic party was founded on a breach of the undertakings which its members had given to their constituents at the General Election.

Turning to the "poor dejected" Conservative Party, he said Mrs. Thatcher would remain its leader—largely because of the "*gutlessness*" of her fellow Cabinet Ministers and many Tory back-benchers.

The fight at the next General Election would be close. "How it will turn out nobody can say. It will be a very evenly balanced affair in my opinion.

"But it will be a contest between the Labour Party and the Conservative Party. That will be the choice the British people will have to make."

As for the others—new parties sometimes appeared in British politics and disappeared even more quickly. "Those who try to distort the real differences between the parties are those who injure democracy the more," he went on.

"It is to be a choice between the great political parties in the State. It is going to be as great and as critical a test as any we have seen in our history."

Unions seek to boost Labour funds through extra levy

BY JOHN LLOYD, LABOUR CORRESPONDENT

FAR-REACHING plans to boost the Labour Party's finances and *improve its organisational* and educational effort are in the final stages of preparation by Trade Unions for a Labour Victory, the grouping of unions affiliated to the party.

They depend on raising a supplementary levy of 10p a year on affiliated members, in addition to the 40p already levied by the affiliated unions for the party.

If paid in full, this would *yield between £200,000 and* £300,000 annually—though it is accepted that not all TULV member unions are likely to raise this amount at a time of pressure on union finances from falling membership.

The plans include:

- Raising the party's small *educational budget of £5,500* to £32,000 and—in conjunction with the party's educational officer—putting its educational programme on a more structured and accessible basis. This would involve the development *of correspondence* courses *as* well as evening and week-long sessions aimed particularly at union members, thus broadening the programme from the present summer schools which are seen as elitist.
- *Releasing union officials* from some of their union duties to assist party work in the regions. This would include making recommendations on party membership drives and on increasing individual membership of the party.
- Ensuring that affiliation fees *to the party are paid in full* and on time.
- Using the cash raised from the supplementary levy to reduce the party's deficit, which stands at about £500,000.
- Instructing party members on the use of local and national media, and increasing the use of union journals to inform members on party policies and programmes.

These plans, which are contained in a number of reports drawn up by the research officers of the affiliated unions, will be considered for the first time by the TULV's 13-person executive—which includes most of the general secretaries of the larger affiliated unions — next Wednesday.

It is expected *that the main* thrust of the proposals will be agreed by the executive over the next few weeks. However, agreeing with the Labour Party on their implementation is expected to be a more delicate task.

Last September, Labour's national executive committee rejected suggestions from Mr. David Basnett, general secretary of the General and Municipal Workers Union and chairman of the TULV, that a special trade union fund be administered by the union's finance officers.

The TULV will seek a meeting with Mr. Ron Hayward, the party's general secretary, to attempt to find common ground on how the fund might be organised.

Meanwhile, the Amalgamated Union of Engineering Workers, the party's second largest affiliated union, has reduced the number of members it affiliates by 77,000 to 850,000. This reduces its contribution by more than £30,000.

The union said last night that the new figure was more realistic. It has lost some 70,000 members over the past six months because of redundancies.

Another major affiliated union, the Electrical and Plumbing Trades Union, has decided to freeze its affiliation at 260,000 members

Tories hint at loss of several counties in May 7 elections

BY ROBIN PAULEY

THE CONSERVATIVE Party yesterday launched its campaign for the county council and Greater London Council elections in May, hinting that it expects to lose a substantial number of *seats and control* of several counties.

Lord Thorneycroft, party chairman, Mr. Michael Heseltine, Environment Secretary, and Lord Marshall all said it would be an extremely difficult task.

The Conservatives are defending a large array of seats won at the height of Labour's unpopularity in 1977. This left the Tories in control of all the English shire counties except *Durham, and* all the metropolitan counties except Tyne and Wear and South Yorkshire.

Lord Thorneycroft said the Conservatives would be "batting on a very difficult wicket." The battle would require courage, leadership and hope.

The Conservatives in control of the Greater London Council would be fighting against Marxists who bore no resemblance to the London Labour Party of the old Morrison group, which had been a great party and had done much for the capital.

Lord Marshall and Lord Thorneycroft said the Budget would not play a part in the election although Sir Horace Cutler, Conservative leader of the GLC, has said he hopes the London electorate will have forgotten about it by May 7.

The peers and Mr. Heseltine said the Conservative leaders in the shire counties had kept their average rate rises *for* 1981-82 to just under 10 per cent.

However, these rises would have ben very much higher if the Government had not switched large sums of cash away from the urban areas to the shire counties in the new arrangements for distributing grant to councils.

On that basis the Government is known to be extremely disappointed at the level of county rate rises, particularly as a third are over 10 per cent for a year when the projected inflation rate is expected to fall from 13 per cent to about 10 per cent.

The Conservative leaders refused to be drawn on which counties they expect to lose in May. The GLC will fall into Labour control if the swing from the Conservatives is more than 2 per cent based on the May, 1979, General Election.

Labour is likely to hold its two metropolitan counties and hopes to win the other four—West Yorkshire, Greater Manchester, Merseyside and West Midlands—although the Liberal strength in Merseyside introduces doubts as to whether Labour will manage to take control there.

Changes to ward boundaries in the shire counties makes comparisons with earlier elections difficult. But Labour is likely to gain control of Cleveland, Derbyshire, Humberside, Nottinghamshire and Staffordshire. Labour is also hoping to win in Cumbria and Northumberland with Northamptonshire an "outside chance."

The Liberals are expected to win control of the Isle of Wight.

If the results were slightly worse for the Conservatives than they were *in 1973* they could lose control of as many as 18 counties in England, leaving many with no overall control. No Welsh counties would be under Tory control.

Paisley calls for economy U-turn

BY MARGARET VAN HATTEM, LOBBY STAFF

LESS THAN a complete reversal of the Government's economic policies would lead to uncontrollable unrest in Northern Ireland, the Rev. Ian Paisley (DUP, Antrim North), warned yesterday.

"We want a U-turn, he told the Commons. "We have heard that the lady is not for turning. If they do not turn, they will have a situation on their hands that neither they nor anyone else in this House will be able *to handle.*"

Unrest would go beyond the purely political, he said. "It will be the disquiet of those who want to work, who should be allowed to work, but who cannot work because this Govern*ment refuses to* allow them to work, by refusing to provide the money to make factories viable."

The Government, he said, urged Northern Ireland to carry the cross, to bear the sticks and the beatings borne in the rest of the UK. They would do so in Northern Ireland once the employment rate, the cost of living, the energy prices and transport costs were brought down to the levels of the rest of the country. "We, want parity, not charity," he said.

Mr. Paisley was speaking on an Opposition motion on the economic problems of Northern Ireland. Earlier, Mr. Humphrey Atkins, Northern Ireland Secretary, had conceded that the Government's policies in the province were neither easy nor popular.

"But no real future for Northern Ireland, or for any other part of the UK, can be built upon a profligate programme of public expenditure, borrowing and taxing for today's consumption rather than for tomorrow's prosperity," he said. "We believe in what we are doing and we will stick to it."

He did, however, hold out the prospect of increased investment in the province by big overseas companies, such as the new £45m Dupont project in Londonderry announced yesterday. The Government was also considering increased aid for farmers, to offset the sharp drop in their incomes. (The package, which may be announced next week, is expected to include processing aids for the meat industry.)

Introducing the debate, Mr. Don Concannon, Labour's spokesman on Northern Ireland, said last week's Budget would only aggravate the economic crisis in the province. The Government have placed "an intolerable burden" on the people of the province.

Time was short if the economy were to be saved. "There is an alternative to the appalling acceptance by the Government in their expenditure plans that unemployment will continue to rise significantly in the next two years," he said.

Deadlock on Gibraltar 'must end'

By David Gardner

AN URGENT new initiative to break the deadlock between Britain and Spain on the "small but potentially very destructive issue" of Gibraltar was called for yesterday by Lord Bethell, chairman of the Gibraltar in Europe Representation Group of six UK MEPs set up to repre*sent Gibraltar inside the EEC.*

He told the Commons committee on foreign affairs that, while certain internal difficulties" in Spain made it difficult for the Madrid Government to "grasp the nettle," Spain had to *end* the deadlock by implementing the Lisbon agreement of April, 1980.

Under the agreement, reached by Lord Carrington and Sr. Marcelino Oreja, the then Spanish Foreign Minister, Spain was to lift the blockade of the Rock unilaterally imposed by General Franco 11 years ago. In return, Britain undertook for the first time to review all aspects of the future of Gibraltar,

Whether or not last month's abortive coup in Spain made it politically more difficult now for Madrid to lift the restrictions on Gibraltar, Lord Bethell believed Spain's own interests made such a move essential. "If they don't, they're not going to get into the EEC." Spanish *accession would have to* be approved by all the Parliaments of the Ten

The European Commission feels that the maintenance of restrictions was "inconceivable" if Spain was to enter the EEC. In the light of Madrid's belief that Spanish democracy would be strengthened by accession, an dits recent pleas for negotiations to be stepped up, Lord Bethell said that Britain, as "Spain's best friend in Europe," should ideally be in a position to give "100 per cent commitment" to its EEC aspirations. But "every day the Lisbon agreement remains unfulfilled makes it harder for Britain to continue her full support for Spanish accession, and for Gibraltar to restrain the isolationists in her midst."

Scanlon role in industrial training shake-up grows

BY ALAN PIKE

LORD SCANLON, chairman of the Engineering Industry Training Board, was yesterday drawn closer to the centre of the growing debate over the Government's efforts to reorganise industrial training.

He is to take on the additional post of chief executive of the engineering board following the sudden retirement of Mr. Joe Moon, chief execu*tive since 1978, through ill* health.

The decision means that Lord Scanlon, former president of the Amalgamated Union of Engineering Workers, will combine the two top posts in one *of* the *largest training* boards during a critical period for the future of industrial training arrangements.

The Manpower Services Commission is to present a sector by sector review of industrial training to Mr. James Prior, Employment Secretary, in June. This is expected to lead to the abolition of many of the 24 statutory boards.

Under the Employment and Training Bill, now before the Commons, the Government will have authority to abolish training boards with or without a recommendation from the MSC.

Mr. Prior, giving evidence to the Commons Employment Committee yesterday, defended the Government's decision to proceed with the Bill in advance of the MSC investigation. To have delayed the Bill until after the inquiry would have led to a further period of uncertainty, he said.

He said he was not commit*ting himself to closing down* training boards until he received the evidence from the Commission in June.

He wanted to see the level of training maintained, but there ought to be more efficient cost-effective ways of achieving this than some of the methods which had operated in recent years.

Whitelaw firm on ITV funds for Welsh service

BY ROBIN REEVES, WELSH CORRESPONDENT

THE INDEPENDENT television companies will if necessary be forced to fund the Welsh television service on the planned Fourth Channel, Mr. William Whitelaw, Home Secretary, told the Commons Welsh Affairs Select Committee yesterday.

He was commenting on a memorandum from the Independent Television Companies Association which said the companies had neither the desire nor the resources to fund the Welsh service, due on the air towards the end of next year.

Mr. Whitelaw said the ITV companies were fully aware of the Welsh services financial obligation when they applied for franchises from the Independent Broadcasting Authority last year.

In spite of persistent questioning from Mr. Leo Abse, MP (Lab. Pontypool), committee chairman, and other Welsh MPs, he refused to be drawn on the question of finance — specifically what would happen if the ITV companies' profitability proved insufficient to meet their estimated £12½m to £15m contribution to Welsh language television.

Mr. Whitelaw said this was a hypothetical question. Everybody pleaded poverty even when this was not necessarily the case.

Furthermore, under the Act he was required to arbitrate in the event of a budgetary dispute between the IBA, which will collect the funding from the companies, and the Welsh Fourth Channel authority.

To comment on any figures would prejudice his position

Mr. Abse stressed that the ITV companies were forecasting a £20m loss when the Fourth Channel obligations were applied next year.

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

IBM's memory fails its planned debut

IBM, the world's dominant computer manufacturer, has upset the data processing community by announcing serious delays on its newest computer memory.

This week it said that "technical problems with hardware" had forced first shipments of its 3380 direct access storage drive to be put back from October this year to the second quarter of 1982.

The 3380, a large, very advanced disc drive, uses a sophisticated development of "Winchester" technology where the discs storing recorded information on their surfaces are contained in a hermetically sealed chamber and written to or read by a lightweight head which flies only a fraction of a millimetre above the magnetic surface, kept in flight by air pressure.

Delay forced

While IBM will say nothing about the fault which has forced the delay, it is understood to be to do with the environment in which the discs spin. Each 3380 can hold up to 2.52bn characters of data on two spindles.

The announcement had three immediate effects:

● It spread alarm and uncertainty among IBM users (IBM has over 60 per cent of world business in computers) who point out this is the third time in as many years that the company has had to admit a product would be delayed because of technical problems.

The first was the System/38, delayed because very sophisticated software would not perform to specification. Then there was the 8100 distributed processing system — "a real dog's dinner" as one user put it.

Users are now beginning to ask whether IBM is pre-announcing its new products.

● It has exacerbated the already serious shortage of disc capacity and will precipitate a scramble for what capacity remains.

Mr. Michael Kitching, managing director of Memorex UK, an American based company which makes IBM "plug compatible" disc memory (machines which can be plugged into IBM systems and run as if they were IBM's own) said the IBM announcement had been expected for some months among memory makers and already discounted in future planning.

He expected an upsurge in demand for the smaller IBM 3350 drive and its plug compatible competitors (the Memorex model, the 3652, holds 635 million bytes on each spindle).

More demand

Mr. Kitching pointed out that demand for disc memory was increasing at 40 per cent a year in the U.S. and 30 per cent a year in Europe. The IBM announcement had put back the date at which 3380 type drives would replace the older technology models from mid 1983 to the end of 1983.

It also meant longer life for older machines and he predicted new demand for the much smaller 3330s and considerable activity in the second hand market.

● It will worry customers with orders for the larger IBM computers, especially the new top-of-the-line 3081 which, to run at their best, require substantial disc storage.

Most orders for the 3081, which can process instructions at rates close to 10 million a second, have been placed in the U.S., but in the UK, Barclays Bank is among the organisations which have felt the need for that kind of processing power.

The trend in disc storage is towards greater amounts of data on the same drive—that means increasing the density of storage on the individual discs through thin film, and other technology.

IBM's technological expertise is well matched by its competitors. With orders for disc memory mounting rapidly, delivery times of six months were common, even before IBM's announcement.

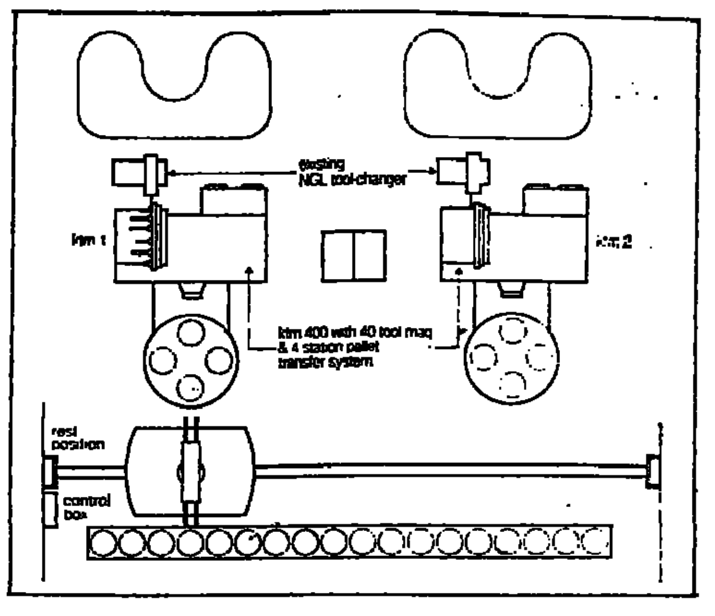
ALAN CANE

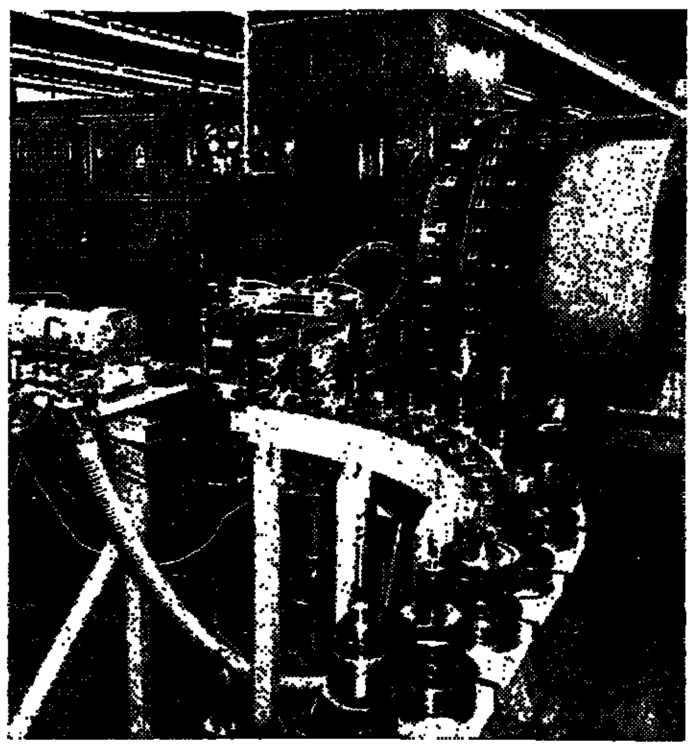
Computer controls complex machining unit

BY GEOFFREY CHARLISH

A SMALL factory tucked away in the green hills of Somerset is perhaps not the most likely of places to find half a dozen people tending £1m worth of highly automated metal removal machinery.

But that is the achievement of Normalair-Garrett (NGL), a 2,000-employee subsidiary of the Westland Group at Crewkerne, where two big Kearney and Trecker Marwin (KTM) multifunction machine tools are being linked with computers to produce a flexible manufacturing system able to make a wide mix of complex machined components virtually on demand.





Layout of the flexible manufacturing system. At top of diagram are the two carousels of tools backing up the 40-tool turrets. At front is the blank part selection system. **Picture shows a carousel with a KTM machine behind**

Government aid

Up to the end of this year about £1.2m will have been spent on the Crewkerne project of which over £180,000 has been provided by the Department of Industry via the Machine Tool Requirements Board. A similar level of funding has been allocated by the Science Research Council and the DOI to a "teaching company" formed by NGL and Bath University—five graduates from Bath are working on the development.

This approach to bringing modern high technology systems for metal removal on to the shop floor has therefore been somewhat out of the ordinary—but then so have the results. And there is more to come because within a year NGL plans to add automatic inspection to the system and to link it more intimately with Westland's big IBM mainframes at Yeovil for overall production control.

At the moment each of the KTM machines has its 40-tool turret (from which a suitable cutting tool is automatically selected for the operation on hand) backed up by a second 80-tool carousel mounted behind the machine. In this way the cutting head, able to perform in X, Y and Z axes, can be provided with a very wide range of tools indeed because any one from the set of 80 can be robot picked and put into one of the turret positions. This great flexibility means that there is room to feed in sharpened tools while the worn counterpart is removed for sharpening, with no hold-up in production.

Rotating pallet

On the other side of the machine blank workpieces are presented on a four station rotating pallet with 90-degree indexing. At the moment, these pallets are loaded in prescribed positions manually, but work going on at the National Engineering Laboratory in Scotland will soon enable the component present at any of the four positions to be identified by profile probing, a signal to the computer ensuring that the right operations are carried out. It will then be allowable for any component to be placed on any station at random.

Work is near completion to link the two machines on both sides. Down the component input side a line of unmachined components will be moved automatically for appropriate seizing by the pallet's loading/unloading mechanism. Thus, whatever work is available on the input side can then be appropriately shared between the two machines. On the other side, the contents of both horizontal back-up tool carousels will be made available to either machine, widening the tool choice still further.

Heart of the NGL/KTM system is a Digital Equipment Company PDP 11/70 computer with 67m bytes of disc store. No paper tape is used anywhere in the system.

A small microprocessor team is hard at work on interfacing microprocessors that will allow downloading of central instructions to machine control equipment on the shop floor. At the moment the two KTM machines are immediately controlled by their own electronic systems but when the central system is complete these will be abandoned.

The only discrete machines that follow the computerised system are such things as specialised slot cutters, grinders and automatic lathes for the purely turned components. They are all the most advanced available—one is controlled by a tiny dictation machine cassette.

Ways in which these techniques can, or should be employed in other parts of industry remain a matter of conjecture. Such a system is becoming a growing need in the aerospace industry according to Mr. Ken Wills, manufacturing director at NGL. His company makes high value items for aircraft and marine use—in production at the moment is a bomb release—but does not benefit from long production runs as the U.S. industry does.

Wills takes the view that unless such machines are used in Europe economic production of relatively small batches of complex parts will not be possible. He believes that in general the UK aerospace industry has concentrated rather too much on automation in design, at the expense of production.

Important from the financial point of view is that work in progress—a heavy burden where high value parts are involved—can be made almost to disappear. Demand production becomes possible and with proper software and planning the recently machined parts can be brought together very quickly for assembly, test and dispatch.

It seems unlikely that there will be another project of this kind with Government assistance says Wills. However, it is understood that knowledge about the overall system software—which is mainly where Government funding has gone—will be available to others wishing to use it, with safeguards for NGL's commercial security.

NEWS IN BRIEF

DATA COLLECTION

PUT ON the market by Machsize of Leamington Spa is a portable data collection terminal designed for the acquisition of dimensional data from electronic gauges used in inspection departments or on the shop floor.

The basic unit can deal with 16 channels but can be expanded to 32 if required. Analogue signals from the gauges are digitised for storage on tape. Any make of gauge with a DC output, unipolar or bipolar, can be accommodated.

A microprocessor is incorporated, allowing the unit to evaluate mean, maximum and minimum values, range, frequency distribution and standard deviation. A graphics facility enables bar charts to be displayed on a video screen and there is an output to drive an external printer.

This portable system provides a quick means of establishing the abilities of a new machine tool while it is being commissioned and can also be used to monitor machines at regular intervals to check performance. More on 0926 312542.

SAFETY

THE INSTALLATION, commissioning and acceptance of transfer machines and other special-purpose equipment is the subject of the tenth Code of Practice published by the Machine Tool Trades Association.

Because of their size, transfer machines, like most general-purpose machine tools, are delivered to the customer in parts and then assembled by the supplier in the customer's factory. This often poses safety problems. The new code, originally suggested by the Motor Industry Safety Group, outlines the precautions that need to be taken at the time of installation, commissioning and acceptance.

Copies of the Code of Practice book can be obtained direct from MTTA Publications, 62 Bayswater Road, London W2 3PH price £5 (inc. p and p); telephone 01-402 6674.

PERIPHERALS

GRESHAM LION, moving on from an already strong base in the image processing business, has entered the visual display unit market with the acquisition of the manufacturing and marketing rights of the LYME 5000 terminal from James Scott Electronic Developments.

Designed and built in the UK the terminal is compatible with VT52, Hazeltine and Data General products and other emulations are being developed. More on 01-894 5511.

INSTRUMENTS

AN INSTRUMENT claimed to be capable of subdividing the usually accepted first 10 grades of colour of diamonds, usually determined visually by experts, into 100 shades has been devised in Israel.

The instrument which does this in a matter of seconds, can do this not only for polished stones set or unset, but also for roughs. The instrument known as a colourimeter is portable coming in a small suitcase which can easily be carried by the diamond dealer (a larger version for laboratories is also availble).

The instrument measures only white and yellow stones, not the relatively small group of brown diamonds. Further information from ZYI Yehuda, Diamond Research Laboratory, Israel Diamond Exchange Building, Ramat Gan, Israel.

RESEARCH

ACCORDING TO Professor Brent Havesteen of Kiel University in Germany, there is a prospect of using the hydrostatic pressure resulting from osmosis to generate electricity.

Osmosis is the diffusion of a solvent through a semi-permeable membrane into a more concentrated solution, tending to equalise the concentrations on each side of the membrane. Basically the Kiel idea is to use a number of membranes in a vertical arrangement to cause fluid to move upwards and so produce potential energy in the form of a head of fluid.

The Kiel experiments are going on in the Elbe estuary. As an extension of them, Professor Havesteen is suggesting setting up a tower of about 200 membranes with a diameter of about one metre. The spaces between the membranes will be fed alternately with salt and brackish or fresh water, obtained conveniently by placing the tower at the mouth of the river where both are to hand.

The salt water side is connected by a rising pipe to a reservoir from which the water can fall on to a turbine to generate power. More from Deutscher Forschungsdienst, Ahrstrasse 45, Postfach 205006, D 5300, Bonn 2.

LORE DANIEL

THE MARKETING SCENE

BY MICHAEL THOMPSON-NOEL

SALES OF COLOUR TV SETS 'COULD TOP 2m THIS YEAR'

TV set makers rediscover the growth path

THE current UK TV advertising campaign by Televideo, the video software company partly owned by John Bentley's video cassette sales and rental company, Intervision, and partly by Bertlesmann, the German publishing group, marks the dramatic TV introduction of direct response sales techniques to a vast new market.

It is also illustrating, via *90-second peak-time sales spots*, the manner in which the UK video boom is taking off, a boom *that has not only outstripped* industry forecasts as to timing and impact, but one that is allegedly recession-proof and is about to gain fresh impetus with the arrival of competing video-disc systems.

Meantime, the hitherto beleaguered UK television set market is not only witnessing buoyant sales levels that virtually no one foresaw at the start of the recession, but is apparently starting to ape its U.S. counterpart, where bullishness *reigns supreme*.

Not that UK set makers go as far as their U.S. opposite numbers, where TV makers sold almost 10.2m colour sets last year, a 3.2 per cent gain on the previous year and only fractionally short of the record—a performance promising enough to have encouraged talk about "transformation of the TV business into a new growth industry."

Nevertheless, the UK market performed extremely well last year. According to BREMA, the British Radio and Electronic Equipment Manufacturers' Association, UK colour set deliveries last year totalled 1.95m, a gain of 2.63 per cent on 1979, though still a long way short of the colour boom peak of 2.65m in 1973.

Within that total, deliveries of large (16 in-plus) sets showed a fall — from 1.52m to 1.47m — but deliveries of small (16 in and below) sets improved by approximately 100,000 to 480,000.

As for black-and-whites, they showed a gain of 250,000 to approximately 1.6m, with the improvement again attributable to the small-screen market.

This was very good news for set makers, importers as well as home-based, and in all likelihood was merely the preface to an even better 1981. This year, according to some forecasts, sales of colour sets alone could grow by another 200,000, perhaps 250,000, to around 2.2m.

In Britain, as in the U.S., the colour TV market is behaving in utmost contrast to that of electrical appliances generally, or cars, which have suffered their usual fate in a recession. As a result, the set makers — hard hit in recent years by the effects of sluggish or no market growth, surplus production capacity and intense price competition — are breathing rather more easily.

The hitherto beleaguered UK television set market is not only witnessing buoyant sales levels, but is starting to ape its U.S. counterpart, where bullishness reigns supreme.

It is for this reason that the recent comment of Alex R. Stone, president of Quasar, a U.S. set maker, that booming U.S. sales marked the "rebirth of an industry," sits well alongside the view expressed late last year by C. J. van der Klugt, director in charge of consumer electronics at Philips in Holland, that the television set market was "still in its infancy."

According to companies like Ferguson (part of Thorn/EMI), Philips (which under the Philips and Pye brands has around 25 per cent of UK sales) and Sony (which forecasts a 3 to 4 per cent gain for UK colour sales generally this year but says its own sales since November 1 are 24 per cent higher), there are at least four main reasons for the market's ebullience.

First, it is probably at the height of the replacement cycle with many buyers replacing sets bought in the 'Barber' boom of 1972-73. Second, those who are still employed, says Philips, probably have higher disposable incomes than they did before the recession, while those made redundant probably have a good cash sum in hand and see the purchase of a new television set as an obvious way to reduce monthly outgoings on items like TV rental.

Third is the move towards ownership of a second set, which has helped sales of black-and-whites as well as portable colour sets—a trend, says Sony, that can hardly be hindered by the arrival of UK Breakfast TV.

Fourth, social change. Although researchers even in the U.S. are only just getting to grips with the phenomenon, it is maintained that soaring petrol prices, and inflation, are encouraging families to look to their homes for a greater share of their entertainment, a phenomenon that coincides neatly with the pace of technological progress and market penetration on the wider video front—the cassette recorders and disc players and home computers, *etc., that will eventually* transform the steam-age TV set in the living room corner into the nucleus of fully-fledged home entertainment and communications systems.

The most aggressive UK manufacturer on the promotional front is currently Ferguson, which last year *spent* £1.72m on main-media advertising in support of its TX range. *This was out of a total promo*tional budget of £3m, and compares with MEAL-measured *advertising figures of* £830,000 for Sony, £633,000 for ITT, £586,000 for Philips and £540,000 *for* Pye.

Ferguson will spend at least the same this year, and is planning a *special* two-week, £300,000 advertising campaign in the run-up to the royal wedding in July, an event which the set makers describe as both the sports highlight of the year *and one* bound to have a significant impact on replacement demand, whether rental or bought.

"What has happened in the U.S. will happen here," says one manufacturer, "though the timescale may be more drawn out. Flat screens, wall screens, small *screens, large* . . . it will all happen. When it does, it will happen fast."

TOURISM: ARTHUR SANDLES DESCRIBES THE IMPACT OF NEW YORK'S 'LOVE' CAMPAIGN

A classic demonstration of how to get things right

ALTHOUGH THE I Love New York campaign is now four years old, no other city has yet *managed to match, or even* approach, the remarkable marketing success achieved by the Big Apple and New York State itself.

In recent months the campaign has moved to Britain, bringing the Radio City Rockettes to London and, last week, various *Broadway stars to Glasgow*. In the near future the whole exercise may spread its wings and move into Continental Europe, where T-shirts and bumper stickers have already arrived.

Last year New York State spent some $9m on tourist promotion, but the I Love New York campaign is as much the product of determined co-operation as of money.

The spearhead of the campaign is the theatres of Broadway, whose continued enthusiasm is hardly surprising. *In the wake of the first eight* weeks of the campaign alone New York theatres saw their ticket sales rise by 22 per cent. But even local taxpayers have benefited. After the first year (1978) of the campaign it was estimated that a $10.9m advertising investment had produced a $74.4m return in the *form of taxes paid by visitors*.

Other cities have envied the campaign. London last year launched its own London Is . . . project and now the Scottish Tourist Board has said it intends spending £1m on a 1982 effort, using agency Woolward Royds, based very much on the New York scheme. "We are still very much at the planning stages but we will be looking for a catchy theme," says Tourist Board chairman Alan Devereux.

The Scots may discover that there is more to New York's campaign than a catchy theme. In crude terms, when New York ventured into its I Love . . . effort it was close to desperation. As a result, it was prepared to take risks that few other cities or nations would contemplate.

Four years ago New York tourism had been in decline for nearly a decade and tourism promotion was down to $200,000 a year. In those days the New York Visitors and Convention Bureau in Manhattan offered a public presence that was no more than a grubby desk underneath the arches of Grand *Central Station where* ill-tempered assistants revealed their ignorance of both City and State.

"I decided to scrap the small advertising budget and invest the money in a major marketing research programme," says William S. Doyle, a Chase Manhattan vice-president and the man who steered the I Love . . . campaign to fruition. "We conducted what turned out to be one of the most sophisticated and informative market research studies in the tourism industry."

He was clearly an extremely convincing talker. He asked for a budget of $4m to hit the target the research identified (it showed, for example, that Manhattan's crowds were more of a deterent than its crime) and *was in fact offered $4.3m*. Perhaps the most significant impact of the campaign was the effect it had on New Yorkers themselves, who were made to feel proud of their own city.

Doyle had been lured by the New York State Department of Commerce on temporary assignment from Chase, and his *efforts are now part of tourism* marketing legends. The current day-to-day handling of the *campaign is in the hands of* Natel Matschulat, a senior deputy commissioner whose eagle eye for bottom line results tends to strike awe into those who work with her.

Matschulat has had what many might see as the sticky end of the task—making sure the campaign rolls on after that first flush of enthusiasm began to wear down.

It seems to be going well. The 1980 figures suggest an 18 per cent rise in revenues over 1979 and 37 per cent over 1978. But the task now is to ensure that all this revenue is spread throughout the state, and not concentrated on Manhattan and the theatres of Broadway.

In Europe, New York has chosen the UK as a jumping board. Britain was attractive not only because Sir Freddie Laker had led the way in what has now become a stampede of lower air fares, but because the British pound was, even in the early days of the campaign, *showing* signs of potential strength and the language was at any rate vaguely similar.

In Britain, New York has not used direct consumer advertising, although there is a possi*bility that it might in the near* future.

It has instead enlisted local marketing expertise in the form of Michael Horden, whose main role of activity is trade relations (he now has 45 British tour operators with New York programmes) and Jeffrey Rayner's Intercommunications agency for press and PR.

Rayner's recent efforts include the wafting of British shopping writers over for the New York White Sales and ski buffs to the slopes of Hunter Mountain and Lake Placid.

*Even while New York's atten*tion is turning overseas, so the impact on both State and city *is already apparent. There is* a burst of hotel building and it has been estimated recently that more than $265m is currently being invested in tourism projects in the State, over and above the spending in New York City.

Commerce Commissioner William Hassett reckons that "*these new projects and econo*mic benefits are a result of the dramatic increase in tourists *and other visitors which the* campaign and related local and regional campaigns have stimulated."

Last year New York State (again excluding NY City) had 3.5m visitors compared with 1m when the campaign started.

In describing the campaign's success, Mr. Doyle says: "We were successful because we used market research to find out what the consumers wanted and then gave it to them. Then we used fresh and emotional advertising with great music and a memorable theme line." *In theory it sounds simple, in* practice no one else shows signs of coming anywhere near it.

INVESTMENT ENTHUSIASM

Saatchi, Geers share limelight

THAT THE ADVERTISING business looks set for a *return* to real growth by the second half of this year, with the prospect of a vintage year for display expenditure in 1982, has already been established.

But such a forecast sounds a slim-line explanation for the recent tap-and-dance that has gripped the share price of London's two publicly-quoted agencies, Saatchi and Saatchi, and Geers Gross.

Both are riding a crest of investment enthusiasm. Against a 1980-81 low of 128p, Saatchi closed last night at 363p for a 28p gain since last Friday. (Two months ago the price was 258p.)

Geers Gross closed last night at 102p, for a gain of 16p since Friday.

They can afford to sound expansive. At yesterday's annual meeting of the Saatchi and Saatchi Company, chairman Kenneth Gill said the 1980s would be a period of significant change in the communications industry, providing major opportunities for the company and for advertising as a whole.

1980 had been a tenth successive year of profit growth, and Saatchi's *would* again perform well in the current year, he said, partly because the past 12 months had proved Saatchi's best-ever period for new business, with gains that included Campbells Soups, Berger Paint, Max Factor, TV Times, Hoechst, Cadbury Typhoo, Lyons Cakes and the New Evening Standard.

Probably the most encouraging pointer to future prospects, said Mr. Gill, was a recent *survey (by Campaign) of top* UK advertisers which asked them which agency they would *most like to handle* their business, given a completely free choice. Saatchi's topped the poll (*It was followed* by two other British-owned shops, Collett Dickenson Pearce and Boase Massimi Pollitt).

At Saatchi headquarters in Charlotte Street, it was said yesterday that a major reason for the recent share price spurt was that brokers were beginning to display an almost day-to-day interest in the coming and going *of accounts, and that a recent* presentation to the institutions had gone down well (Saatchi's *pre-tax profit in the year to last*

Etcetera

September 30 was £3m, up 23 per cent).

"It's been noticed," says Saatchi's "that we've had another good run in the past four weeks: Typhoo Tea (£2.25m), BL Double Bonus (£2m), Gas Central Heating (£1m), Ronson (won this week: £1m) and a new Smith and Nephew brand (£250,000). Brokers' interest is much more informed."

This was also the theme at Geers Gross, which has subsidiaries on both sides of the Atlantic and is looking for 1981 billings of $150m, with profits split 50:50 between London and New York.

"We're being discovered," says founder Bob Gross. "Belatedly, the sector is getting a lot more attention. Our shares are on a very good yield, and profits have been maintained."

THE 1981 OUTLOOK for ITV revenues is clearly uncertain, says Carr, Sebag in its latest (March 16) report on ITV. But along with a great many others it discounts fears of a major slump in TV demand this year.

It points first to the emergence of a wide new range of TV advertisers in recent years, so that the non-packaged goods sectors now account for around 40 per cent of total ITV revenue against 25 per cent five years ago, giving the industry a much more stable revenue base.

Second, it says, traditional TV *advertisers have seen the light* when it comes to maintaining advertising expenditure; third, importers are visibly active.

"Given the extremely strong performance over the January/March, 1980 period," it says, "a downturn in revenue of about 8 per cent would not be surprising in the first quarter of the current year, which could put the industry on course for an increase in net advertising revenue of between 5 and 7.5 per cent for 1981 as a whole." (Net revenue last year was £529m, against £347m the previous year.)

FINANCIAL TIMES SURVEY

Thursday March 19 1981

Italian Motor Industry

Italy is one of the world's major car producers, ranking seventh. It also has an important commercial vehicle sector, a motorcycle industry which is almost alone in thriving in Western Europe and an internationally renowned band of designers and specialist manufacturers. All these, as this survey shows, are in good heart despite the trials of recession.

ITALIAN MOTOR INDUSTRY II

On a recent visit to Italy KENNETH GOODING, Motor Industry Correspondent, talked with leaders of the country's automobile industry. He came away with the impression of a renewed spirit of optimism prevailing among manufacturers who, despite some further internal upheavals, feel that the industry is once more in control of its destiny.

Undeterred by current setbacks

THE ITALIAN car industry is going through another change of direction, another momentous upheaval. But this time a spirit of optimism persists among those involved. The direction, they say, is the right one at last. The upheaval is for the good of the industry.

The optimism springs from a feeling that the Italians are in control of their own destiny.

It is true that the Italian car manufacturers have been losing ground in export markets. Certainly they have fallen behind in the development of new models and this has had the inevitable impact on competitiveness at a time when most European and other major markets are far from buoyant.

As a result, in the first eleven months of 1980 Italy's car exports fell in volume by nearly 13 per cent from 550,081 to 478,995 units while imports jumped 49 per cent from 558,656 to 832,479.

This pushed Italy from about break-even in value terms on the car trade account to a deficit of L1.585bn (£700m) for the eleven months and it was in the red by an estimated L1.8bn (£800m) for the full year.

Export

The figures would have looked far worse if Fiat, which dominates the industry and accounts for more than eight out of every ten cars produced in Italy, had not continued to despatch vehicles to its export markets even though huge stocks built up in some countries, notably the U.S. and the UK.

So despite having the benefit of a home market which was booming, the Italian companies ended 1980 with red ink splashed all over their balance sheets.

"But we are sure we will recover," insists Dr. Alberto Bersani, director of ANFIA, the industry's trade association. "We have the technological and commercial skills. The new models are on the way and they will leave no gaps in the range Italy can provide. They will be cars offering exceptional fuel economy.

"And the industry is still entirely Italian. The decision centres are in Italy. It helps us focus our attention. Keeps our eye on the ball."

The Italians feel very strongly, for example, that the UK motor industry has not been helped in recent years by being made up of a large proportion of foreign-owned companies. The way General Motors has run down Vauxhall's car operations and Peugeot's recent decision to close the Linwood car plant in Scotland are two examples the Italians quote.

It was in this context that the row between Alfa Romeo and the Government, its owner, and Fiat blew up. Alfa wanted to do a deal with Nissan of Japan involving the joint manufacture of a small car in Southern Italy. Fiat fought the project, particularly disliking the idea that the Japanese should get any kind of foothold in Italy where they are currently constrained by an arrangement which dates back before the Treaty of Rome and restricts Japanese car imports to only 2,000 a year.

The Government ultimately ruled last year that the Alfa-Nissan deal should go ahead. Fiat, with much else to think about, gave up its public protests.

However, Alfa will remain in control of its own destiny in spite of the arrangement with Nissan. It argues there is very little difference between what it will be doing and the various joint projects—for example engine manufacture with Peugeot—Fiat has in mind. For Fiat seems to be playing the leading role in most of these joint projects.

The Italian industry traces its current difficulties back to the first oil crisis of 1973. The consensus of opinion in Italy then was that the growth of private transportation would shudder to a halt. The Italians took the view that the car business was a "mature" one with no growth left in it.

The Italian Government gave up support for the car industry at the very time when the collapse in demand caused by the oil crisis produced a similar collapse in profits. Most of the available State money went to public transport.

Fiat decided to diversify more, to spread its eggs around a few more baskets. So in the mid-1970s Fiat splashed out heavily to build up its commercial vehicle (including buses) interests by acquiring Magirus Deutz of Germany and setting up its IVECO subsidiary. It also became a major manufacturer of construction equipment via Fiat-Allis.

Crisis

The major set-backs of 1980 caused the Government to think again. The car industry was obviously in a state of crisis.

In the Italian style, a Government Commission was set up to inquire into the problems. When it reported it said Italy had the technological capability for a successful car industry but it needed:

(a) to invest more money more quickly;
(b) increase productivity and output;
(c) restructure the components industry;
(d) improve management in all areas.

As its contribution, following the commission's report, the Government pledged L1,500bn (£650m) from its funds allocated to help the reconstruction of weak industries.

L1bn would go towards the development of new models and the rest would be for a second phase involving the reconstruction of the industry—a four-year programme in all.

However, the latest in Italy's recurring political crises has so far prevented the programme being given the go-ahead by Government. ANFIA hopes that it will be underway by the end of 1981, however.

About 55 per cent of the industry's total costs are accounted for by bought-in components. But the component supply sector is far from being in the best shape. As in other manufacturing industries in Italy a proliferation of small companies has been fostered by legislation which militates against those with more than 200 employees.

ANFIA has indentified around 2,250 automotive component supply companies in Italy. It will be up to the 60 major concerns, owned by either Fiat or Alfa Romeo, to promote the restructuring of the sector.

ANFIA would prefer to see Italian companies tackling more complex components with greater added-value.

The component manufacturers are already reasonably successful in export markets and the sector chalked up exports of L1.97bn (£875.5m) in 1979 against imports of L1.29bn (£573m).

While reconstruction of the components sector will take time, productivity at the car plants has been revolutionised since Fiat confronted some of those it identified as troublemakers.

Their dismissal precipatated the labour relations battle described elsewhere in this survey. But Fiat's victory enabled it to cut its workforce at the Turin plants by 20 per cent. Yet output fell only 5 per cent.

Part of the improvement came because absenteeism, running at 14 per cent before Fiat made its stand, has dropped to 5 per cent.

The upshot, according to Sig. Vittorio Ghidella, chief executive of Fiat Auto, is that the car business might now make a profit this year instead of 1982, the original target.

And Fiat's stand has made such a difference to industrial relations as a whole in Italy that the Alfa Romeo car plants—even those in Southern Italy—have benefited from improved productivity, says Sig. Corrado Innocenti, managing director of the State-owned Alfa group.

Will it last? Sig. Ghidella for one believes there has been a permanent change for the better. "The people know, now they are thinking rationally, that everybody must work for Italy's survival."

The new atmosphere might even enable the laws which encourage immobility of labour—both outside and within companies — to be altered. It is more than two years since the changes were proposed.

At present Italian companies must recruit employees from a State agency which assesses candidates by taking into account social need and other factors. Fiat, arguing that the legislation should be changed, maintained that while this is socially laudable it is impracticable. Often people sent by the agency are entirely unsuited for the job for which they are required.

Assured

Just as the Italians are confident of their ability to survive in spite of the peculiarities of their political system, so are they supremely assured about their ability to match the best of the world's car technology.

This confidence has been boosted by the way the majority of car markets are turning towards small cars because they are perceived to be less fuel-thirsty. The technology involved in producing small cars is much more complex than that for large ones. And Italy has wide experience of small car technology—80 per cent of its output comes into this category.

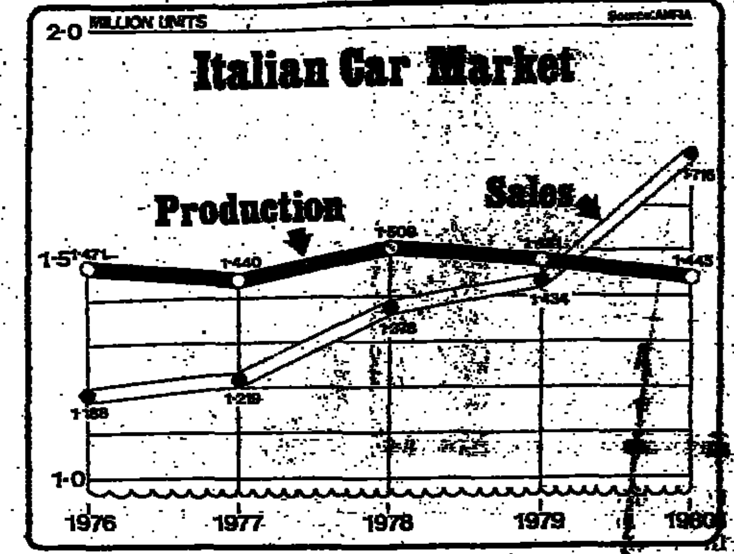
The Italians' spirits were kept up, too, last year by the continued high demand for cars in their home market. Car sales surged ahead by nearly 20 per cent from 1.43m to 1.72m while other major markets were showing sharp downturns in registrations.

Pent-up demand, dampened in the mid-1970s, burst through in late 1979 and throughout 1980. And the Italian economy, despite suffering Europe's highest rate of inflation last year (21 per cent) and almost continuous pressure on the lira, was still going well in 1980. Italy's economic growth rate of 3.5-4 per cent was second only to Japan among the industrial nations last year.

However, this year began with a really tight credit squeeze to fight inflation and help the currency. As a result the Italians expect no growth in the economy in 1981.

ANFIA estimates this will have its impact on new car sales and cut them by perhaps 7 to 8 per cent. The importers' share of total sales is forecast to remain high by Italian standards at around 38-39 per cent.

But by 1982-83 the new Italian models will be coming on to the scene and should push back the foreign makes. Fiat alone has set itself the ambitious target of fighting its way back to a 55 per cent share of its home market by the mid-1980s.



MARKET SHARES

	1979	%	1980	%
ITALIAN MAKES	867,200	60.5	1,031,988	60.12
Alfa Romeo	113,909	7.9	118,507	6.9
Lancia - Autobianchi	87,131	6.1	117,346	6.83
Nuova Innocenti	33,355	2.3	29,178	1.7
Fiat	632,255	44.1	766,297	44.65
Other Italians	550		590	
IMPORTS	566,969	39.5	684,447	39.88
Audi	7,973	0.6	16,978	0.99
BL	9,832	0.7	13,509	0.79
BMW	21,767	1.5	31,789	1.85
Citroen	79,093	5.5	84,999	4.95
Ford	71,085	5.0	78,501	4.57
Mercedes	11,192	0.8	13,806	0.8
Opel/GM	53,181	3.7	62,071	3.61
Peugeot	30,085	2.1	33,309	1.94
Porsche	839		1,527	0.09
Renault	139,452	9.7	180,663	10.53
Talbot-Simca	69,273	4.8	75,170	4.38
Volkswagen	64,821	4.5	73,391	4.28
Volvo	8,376	0.6	12,276	0.72
Total market	1,434,169		1,716,435	

Source: ANFIA.

Scene set for next stage of development

FIAT

KENNETH GOODING

The Fiat 127, Italy's best-selling car

FIAT, eighth largest of the world's car makers and the company around which the Italian industry revolves, is on the upgrade again. Dragged down by management errors and chaotic labour relations in the latter part of the 1970s, the group has now acted to put things right.

The confrontation with the unions last autumn has paid off handsomely. After establishing the right to lay off 24,000 workers for up to 34 months and to dismiss up to 14,000 eventually, Fiat finds that productivity is rising sharply in its Turin car plants.

Absenteeism has dropped equally sharply and, according to the company, the quality of its finished cars has increased markedly.

If the change for the better is permanent, Fiat can move confidently to the next stage of its plan—to catch up with the model development programme the management allowed to fall behind in the wake of the 1973 oil crisis.

Fiat is investing the equivalent of £2.5bn by 1985 to develop and produce a new generation of highly fuel-efficient cars incorporating as much high technology (including electronics) as possible.

The equivalent of about £1.4bn will go on new models, £662m on new technology and £467m to rationalise facilities and incorporate in them greater automation to help lift productivity even further.

By 1985 the Fiat car range will consist of the already introduced Panda, in many different versions, for basic, low-cost transport providing good space for the family man; a replacement for the 127, again in many versions; the Ritmo/Strada range; and a new model between the current 131 and 132 in size.

Replacement

Of these, the "Model 1," the 127 replacement, is probably the most important. It is due to be launched late next year and Fiat is relying on Model 1 to take back the "best-selling car in Europe" title from Volkswagen's Golf.

By concentrating on a range of four small-to-medium-sized "families" of cars, Fiat will be able to incorporate many components common to much of the range—and thus get economies of scale.

This search for economies of scale has also led to the company sourcing from its plants all round the world not only components but built-up vehicles too. When the 500,000 cars a year from Fiat plants in Argentina, Brazil, and associates in Spain, Poland and Yugoslavia are taken into account, Fiat has the 2m-a-year output which the industry considers necessary to gain the greatest economies of scale.

Fiat will be sourcing some gearboxes for the group from Spain—a family of 1-litre engines (including a 1.3-litre diesel derived from it) from Brazil for example.

But it is also intent on signing up many more international joint ventures like the one with Peugeot of France to develop a new car engine to go into production at the rate of 1m a year by 1985—or that between its Lancia subsidiary and Saab of Sweden which together are working on a new range of components for the up-market cars they will produce in the future.

Apart from the model programme, Fiat has had to pump more than £500m into the operating companies to reduce debt and cut financing charges. The burden was especially severe in Brazil, where Fiat suffered losses of around £85m in 1980.

The Brazilian plant has started producing diesel cars for Europe and this will take output up to capacity this year, so the Brazilian subsidiary could break even so long as the currency is not too heavily devalued against the dollar.

The indications are that Fiat's car business overall lost nearly the equivalent of £50m on sales of around £4bn last year. Debts rose alarmingly during 1980 and the Fiat group gave the impression of an organisation strapped for cash.

However, Fiat screwed the best possible terms out of its suppliers and earlier this year a convertible bond issue brought in £240m of fresh funds.

Sig. Vittorio Ghidella, chief executive of the car division, reckons that the improvement in productivity has been so marked that the division could well make a profit this year instead of in 1982, the target date.

He insists that Fiat Auto can generate all but about 15 per cent of the cash needed for the new models. "But we could have generated it all if the Japanese had not got the European manufacturers involved in a price war."

Sig. Ghidella says that last year Fiat was taken off guard by the sudden and steep drop in many of the world's major new car markets coupled with a fall in its market share. Stocks built up and were expensive to finance. "Stocks are still high but are getting back towards normality," he adds.

Ironically enough, the increased productivity in recent weeks—Fiat laid off 20 per cent of its assembly plant employees but output dropped only 5 per cent—has had the effect of forcing the group into another period of short-time working during the next couple of months so as to avoid stocks climbing again.

BASIC FACTS

Turnover: 8,540bn. Subsidiaries: Lancia, Autobianchi, Ferrari. Car production in Italy: 1.18m. Loss: "At least L97bn." Plants: 36 worldwide, 26 in Italy, mainly in Turin area. Employees: *168,812 worldwide in* 1980. Shareholder: Fiat SpA, a holding company with 11 operating groups.

Sig. Ghidella took over as chief executive of the car business early in 1979, when Fiat was reorganised into a holding company with several subsidiaries, Fiat Auto being one of them (and the most important as it accounts for 40 per cent of total group turnover).

Now aged 50 and a graduate in mechanical engineering, Sig. Ghidella worked for Fiat in the late 1950s and early 1960s, before moving on to take up a senior post at SKF, the Swedish bearings group which has links with Fiat through the Agnelli family which controls Fiat and has a stake in SKF.

Dismisses

He dismisses any idea that Fiat has fallen too far behind its European rivals, Renault and Volkswagen in particular, in model development. "The delay to the model programme was significant but not immense because the people and their ideas were still in the organisation. When we decided to move ahead again they simply brought the ideas out of their desks. So we are recovering ground fast. The delay is not so great as some people think."

Within Fiat it is argued that the failure to push on with the model programme was more to do with cash constraints than management indecisiveness.

In 1974 Fiat was squeezed by a big fall in car demand following the oil crisis, a price freeze on cars imposed by the Italian Government and union arrangements which prevented any lay-offs.

Fiat simply did not have the money for new models until Col. Ghadaffi of Libya came on to the scene offering to invest. In 1977 Libya injected $415m into Fiat, half of which bought just under 10 per cent of the capital and the rest in the form of long-term loan and convertible bond issues.

The cash helped Fiat launch its first entirely new car since the 127 was introduced in 1971.

Sig. Ghidella has brought a cold wind of realism to Fiat Auto and nowhere did this reveal itself more than in his decision not to put further investment into SEAT in Spain, a company plagued with losses and one which suffers from the overmanning common in Spanish manufacturing industry.

He was not willing to put in more Fiat money even though the decision could precipitate a permanent break with the Spanish group sometime in the future. "It needs superhuman powers to put that company's problems right," maintains Sig. Ghidella, and he feels SEAT will not succeed in finding another partner.

"I believe it will remain government-owned and 100 per cent financed by the Spanish Government. In that situation, the old agreement between SEAT and Fiat would still be valid." That agreement involved Fiat supplying know-how for SEAT to produce Fiat models under licence.

Sig. Ghidella has also halted Fiat's across-the-board attack on the U.S. market, where it once sold 100,000 cars in a year. "The low prices of the American companies encouraged the Japanese to follow suit. There is no way Fiat can compete with volume cars in that market. We must find special niches, with sports saloons and the like."

But Sig Ghidella, in contrast, has ambitious plans for Fiat in West Europe.

Italy provides a good base because eight out of 10 cars sold there are small-to-medium cars of the kind Fiat produces. This encourages the group to produce a very wide variety of cars of this type and to go on doing so in the future.

Sig. Ghidella does not expect Fiat to climb back to its previous 60 per cent market share in Italy but believes 55 per cent is a reasonable target (last year it had 51.5 per cent).

By the mid-1980s he would expect Fiat to be taking an average of 6 per cent in other European markets. Together with the 55 per cent in Italy this would give an overall European average of 14 per cent.

"If, as I expect, our productivity matches that in other European countries and we have a bigger range of modern cars, then we must succeed," says Sig. Ghidella. "During the next 10 years some European car manufacturers will die. But Fiat will survive."

Signs of movement towards the road to recovery

ALFA ROMEO

KENNETH GOODING

FOR MANY PEOPLE Alfa Romeo epitomises the large Italian industrial organisation. Its products exhibit design flair and technological expertise. Yet, bedevilled by Government interference in management and plagued by industrial relations problems, it has been a perennial loss-maker.

There have been so many false dawns, so many promises that things were coming right that it would be foolish to suggest Alfa Romeo is at last on the mend.

But there are positive signs. *Most important is the agreement* reached recently with the national metalworkers union in Italy which Alfa Romeo reckons will boost productivity by 25 per cent when it comes into effect next September.

The plan gives the company greater flexibility to move workers around among its various operations. This will allow assembly lines to be reorganised to make them more efficient.

The interference in Alfa Romeo by the Government, which owns the company via its Finmeccanica and IRI (Institute for the Reconstruction of Industry) holding companies, seems to have subsided.

Alfa Romeo had five chairmen and as many chief executives in less than ten years. But there has been stability at the top since the middle of 1978.

Sig. Corrado Innocenti, the 51-year-old managing director, says there is a mood of confidence within Alfa Romeo following Government support for a five-year "recovery programme" agreed last summer.

As a result, a further L100bn (£44m) of State cash was pumped into Alfa Romeo in exchange for shares in the middle of 1980, and a further L100bn *is promised for half-way* through this year.

Pledge

The pledge of Government support to the tune of L1,500bn *(£660m) for the industry* as a whole (in effect Fiat will get around 60 per cent, Alfa Romeo much of the remainder apart from the sum allocated to Nuova Innocenti) should make *it more competitive and help* speed co-operative component ventures within Italy and provide help for Alfa Romeo's new model programme.

Alfa Romeo seems to be benefiting from Fiat's showdown with the unions last year because Sig. Innocenti says there has been a discernible change of attitude at the Alfasud plant in the South of Italy—a hot-bed of industrial relations difficulties since it was set up in 1972.

During the three months to the end of January, productivity improved by 25 per cent and the plant was producing at the rate of 600 cars a week compared with the previous average of 500.

The manufacturing plants in the north and south, previously operated as separate companies, have been brought together in the latest reorganisation within Alfa Romeo which took effect at the beginning of this year.

BASIC FACTS

Turnover: L2,000bn in 1980
Car production: 220,000
Loss: "less than the L54.9bn for 1979"
Plants: at Milan, Arese, Naples
Employees: 38,000
Shareholders: Finmeccanica (51 per cent) IRI (49 per cent)

This split the car division into three segments: manufacturing, sales and finance, and should allow rationalisation on the production side, according to Sig. Innocenti.

Last year Alfa Romeo's output rose slightly to around 220,000 — split more or less equally between the plants in the south and north. Just under half the production was exported.

Alfa Romeo pushed up sales in Italy by 10 per cent but the demand rose even faster so its market share went down. Production problems at the Alfasud plant prevented the company keeping pace with the overall steep rise in demand in Italy.

The production figure neatly illustrates Alfa Romeo's predicament. It is too large in terms of the cash invested and workforce, around 38,000, to restrict itself to the output of a small number of craftsmen-built cars which could be sold at high prices. It is too small to get the economies of scale needed to compete with the major volume car producers.

Alfa Romeo is also determined to remain Italian and not be absorbed by any other group—not even its big neighbour Fiat.

So if it is to survive it must set up a multitude of joint projects to share the cost of major components with other manufacturers.

The first important step in this direction was also highly controversial in Italy, and in the European industry as a *whole. It involved Alfa Romeo* joining forces with Nissan, the Datsun group of Japan.

Capital

Between them they have set up a joint company, ARNA (Alfa Romeo Nissan Auto) which will build a car plant in Southern Italy with its initial L25bn (£11m) capital.

Annual output is scheduled to *be 60,000 cars.* The number coincides with the surplus capacity that Alfa Romeo has at its Alfasud engine plant at Pomigliano d'Arco.

Alfa Romeo's original intention was that it should match the output of Alfasud cars with Alfasud engines. But production problems restricted the output of Alfasud cars for some years after the model was launched—and *received a great* deal of acclaim—in 1973.

More recently, with better industrial relations, output could be lifted but demand for the car has dropped simply because it is, by motor industry standards, a little long in the tooth.

The Arna cars will use Alfa Romeo gearboxes as well as engines, and the value of components from Italian suppliers will be 80 per cent of the total. The body shells will be provided in panel form from Nissan's Japanese factories.

The partners are studying the best methods of making sure that the new model, with its 1.1 to 1.5-litre engines, does not take too many sales away from *existing Alfasud and Datsun* models with which it will compete.

The Arna will be introduced from 1983 onwards and about *half the output will be exported* to other European markets.

Sig. Innocenti says Alfa Romeo is talking to several companies in Europe and elsewhere about other collaborative arrangements.

He insists that the company is in the position to generate a good part of the finance required for its new model programme and could raise the rest without going back to the Government holding companies.

The programme calls for an investment of L1,165bn (£519m).

However, the recession in European car markets has set back the *financial recovery* programme and Alfa Romeo will not break-even in 1983-84 as previously expected.

However, against the general trend in the European and U.S. motor industry, Alfa Romeo reduced its losses in 1980 from the L89bn (£39m) reported for the previous year.

VEHICLES TRADE BALANCE
(First 11 months calendar year)

	EXPORTS Quantity	EXPORTS Value (Lbn)	IMPORTS Quantity	IMPORTS Value (Lbn)	BALANCE Quantity	BALANCE Value (Lbn)
CARS						
1980	478,995	1,877	832,479	3,462	−353,484	−1,585
1979	550,081	1,957	558,656	2,023	− 8,575	− 66
Per cent change	−12.92	− 4.09	+49.01	+71.13		
COMMERCIAL VEHICLES						
1980	69,382	804	73,646	923	− 4,264	− 119
1979	77,723	726	64,902	659	+ 12,821	+ 67
Per cent change	−10.73	+10.74	+13.47	+40.06		

Source: INSTAT.

The accompanying tables give a broad statistical picture of Italy's motor industry in terms of its *commercial balance of* trade and its composition between the mass-producers and the specialists.

COMPONENTS TRADE BALANCE
(Lbn)

	IMPORTS Total	IMPORTS of which EEC	EXPORTS Total	EXPORTS of which EEC
1975	403.9	347.5	785.4	316.1
1976	594.9	508.7	1,081.4	480.3
1977	829.1	684.2	1,413.2	643.8
1978	1,108.5	917.0	1,593.7	767.8
1979	1,287.4	1,069.8	1,975.2	966.5
1980*	1,054.1	900.0	1,567.3	740.1

Source: INSTAT.

PRODUCTION BY MAKE
(units)

Manufacturer	1980 Cars	1980 Commercial vehicles	1980 Total	1979 Cars	1979 Commercial vehicles	1979 Total
Alfa Romeo Group						
Alfa Romeo	117,819	1,672	119,491	111,059	2,036	113,095
Alfasud	101,752	Nil	101,752	96,455	Nil	96,455
De Tomaso	84	Nil	84	86	Nil	86
Fiat Auto						
Fiat	995,455	89,786	1,085,241	1,081,386	78,159	1,159,545
Autobianchi	76,585	Nil	76,585	88,734	Nil	88,734
Lancia	110,756	Nil	110,756	60,459	Nil	60,459
Ferrari	2,381	Nil	2,381	2,308	Nil	2,368
Iveco (Italian output)						
Fiat VI	Nil	55,230	55,230	Nil	52,782	52,782
OM	Nil	16,449	16,449	Nil	13,713	13,713
Magirus	Nil	2,952	2,952	Nil	4,263	4,263
Lamborghini	64	Nil	64	55	Nil	55
Maserati	555	Nil	555	371	Nil	371
Nuova Innocenti	39,770	Nil	39,770	39,991	Nil	39,991
Others	Nil	546	546	Nil	432	432
Total	1,445,221	166,635	1,611,856	1,480,904	151,385	1,632,289

Source: ANFIA.

Profound influence on world style

DESIGNERS

RUPERT CORNWELL

YOU SEE the cars at every motor show—the impossible fantasy-objects, with seamless metallic lines and weird digital dashboards like something out of Star Wars. The exotic names alone—Pininfarina, Michelotti, Bertone, Zagato, Ghia, Giugiaro—ensure them star-billing, even if the prototypes on display will at best finish up in a museum after doing the celebrity round of salons in Paris, London, Geneva, Los Angeles and Turin.

The attention the specialist Italian car designers attract on such occasions may seem exaggerated—but it is not. Like the haute couture fashion collections, their own products are few and exceedingly costly. But like high fashion houses, their importance to the mass car market, the ready-to-wear end of the motor industry, is enormous, if often indirect. Turin, the Detroit of Italy, is *not just the home of Fiat and* Lancia but also of the three or four design companies which together represent arguably the most influential styling school in the world.

There is scarcely a major car manufacturer in the world which has not at one time or other either called directly on their services, or paid obeisance to the trend set by Turin—like the gracious curves of the 1950s and 1960s and the angular functional lines of the 1970s and this decade *so* far.

Alfa Romeo, Fiat, Innocenti-Leyland, Volvo, BMW and Audi are among those which have drawn on Bertone's flair. Fiat, Alfa, Peugeot, and of course Ferrari, are only some of those which have turned to Pininfarina. Today the running is perhaps made most of all by the Italdesign company of Giorgetto Giugiaro. The first breakthrough was the Alfasud of the early 1970s, his biggest success in commercial terms, followed undoubtedly by the Golf, Scirocco and Passat family which re-established Volkswagen's fortunes in the mid-1970s.

Dominance

But why *is it that Italy, and* Turin in particular, should have achieved such dominance in this field? Sergio Pininfarina, whose father founded the family firm, believes there are several reasons. "First, Italy has always had a tremendous artisan tradition. There was natural support for individual stylists and carriagework. Then we had exceptional people, and of course the advantages of big companies like Fiat and Lancia on the spot."

The early career of the father of Nuccio Bertone, the 66-year-old present head of the family dynasty, is a perfect example of how it all started. He began as a "carradore," making the high precision wooden wheels and axles for the carriages of the day. "In Turin you've still got this love of craftmanship, this net work of tiny little companies, just as it used to be in Britain," says a Bertone executive. Bertone today, like Pininfarina, is still a family firm, and something of a hybrid, part pure design and part manufacturing.

The two are similar in size with a yearly turnover of around L60bn to L70bn ($31m) and workforces of 1,900 and 2,000 respectively. Mostly they are engaged in producing special models for the major companies. In Bertone's case these are the Fiat X-19 sports model and the Volvo 262 coupe (to be replaced from this summer by a cabriolet version of the Fiat Ritmo/Strada). Pininfarina produces around 120 cars a day, of which the best known are the Fiat 124 and Alfa Romeo 2000 Spiders, aimed especially at the American market.

Pininfarina, who is not just head of a design firm but a Euro-MP in Strasbourg and president of the Industrialists Association in Turin, makes no bones about the appeal of the specialist cars he and his rivals produce. "A Pininfarina might be too expensive, it might even have some difficulties. But it should convey the pleasure of *living. They are like a beautiful woman. She may cause trouble.* You accept her nonetheless."

That they operate in apparent defiance of the economies of scale becomes less surprising on close observation. Pininfarina and Bertone are producing in quantities so small as to be a hopeles proposition for a giant like Fiat or Peugeot. They are small and flexible enough to handle a daily production of, say, 12 cars—as in the case of the Volvo 262. Unusually, the entire assembly work takes place in Turin, with parts brought in from Gothenburg. "With this complete cycle production, we're responsible for everything," Bertone says.

However, the market for specialist cars—unlike that for beautiful women—tends to diminish when times get hard. Both concerns have been as *badly hit as their big brothers* by the downturn in the world car market. Pininfarina has 450 workers currently on State-subsidised lay-off and the immediate outlook is not encouraging.

But above all, it is the prototypes perhaps which have made the fame of the Italian designers. At Geneva this year Pininfarina offered the Audi *Four,* a "*study* of a coupe" based on engineering by the German parent but whose sleek airy body epitomises the choice of extremely light metals perfected by aerospace industry technology. Bertone re-presented the Athon, extending the company's styling link with Lamborghini. It is dubbed a "roadster" but anything less like Detroit's monsters of the *1950s is impossible to imagine.* On the mechanical base of the Lamborghini Urraco the Turin stylist has devised a snouted flying wedge.

In Geneva, Giugiaro was showing a prototype, the Lancia Medusa, embodying two key Italdesign concepts for the future—comfort for the passenger and the maximum aerodynamic progress to reduce energy *consumption.* But with the Isuzu "X" coupe Giugiaro has gone a step further. A 1979 prototype has turned into the first ever Italian design to be industrialised by a Japanese car company. The launch will be in Tokyo in May.

Unlike the other two of the "Big Three," 42-year-old Giugiaro deals only in design. He started first in fashion and then in technical design before he moved to Fiat's Centro Stile at 17. Then he progressed through Bertone, Ghia *(now a subsidiary* of the Ford group) to launch his own company, Italdesign, in 1967. More than anyone perhaps he has harnessed the instinctive Italian *genius for style* to the practical needs of the car industry. The Lancia Delta, Europe's car of the year in 1980, and Fiat's utility model, the Panda, were both conceived by him.

As with his counterparts at Pininfarina and Bertone, nothing escapes the master's eye. "I am a pedant," he admits. "I want to understand everything, above all the practical problems." Unlike the others he is naturally less bothered by market crises. "A crisis can help stimulate creativity. Let them come, if it means people have to renew their model ranges every six years, that's fine by me."

Strangely enough, the prototypes, seemingly so extravagant and ultimately useless, fit in with this approach. Obviously they generate huge publicity. But in addition, by allowing the designers and stylists their head, their development can often provide the spark of a new idea whose practical application may be just a year or two away. The big companies, all of which have design centres of their own, recognise their value, and relations with the specialists are very close.

Choices

"We have to see all the choices available before launching a brand-new model," says Gianpaolo Boano, director of Fiat's Centra Stile, which has a staff of 200. "We simply can't afford to make a mistake any longer. That's why we like to see what the specialists can come up with, as well as our own people."

The designers in fact make their money not by royalties per unit sold but on a basic initial design contract, linked to the rough potential market of a vehicle and the volume of work involved. Giugiaro in 1980 had a turnover of L17bn (£8m), 62 per cent of it abroad.

Boano, like everyone, believes there will always be a niche for the Italian designers, whatever their present difficulties. Not only can they carry out tiny-volume production of flagship models; they unquestionably also bring prestige, and glamour by association, to the entire Italian car industry. Most people who buy an Italian car are likely to be unconsciously, if not consciously, influenced by the thought of a Pininfarina, Bertone or Giugiaro. In many cases, as with the Delta, the Panda or a Fiat or Alfa Spider, the involvement will be real.

Perhaps the last word, though, rests with Sergio Pininfarina. "The important thing is that we're several. Obviously I'm happy if I'm the best, but it's vital there's competition between us. The success of the one is the success of the other. It means we're a living school." Of that there can be scant doubt.

Defiant proof that it pays to stay small

DE TOMASO/ INNOCENTI

RUPERT CORNWELL

BY THE conventional thinking of the international car industry a company like Innocenti should not exist. At a time when even the biggest groups are casting around for new alliances to secure their position, Italy's smallest mass-market producer survives with an annual output of around 42,000 units—all of them an Italian version of the BL Mini. They are styled by Bertone, one of Italy's leading car designers, but their engines are supplied by BL—at least until September 30 this year when the current agreement between the two companies expires.

But then Modena-based Sig. Alejandro de Tomaso does not conform to the standard notion of what a car manufacturer should be like. Innocenti's chief executive owns not one but three separate motor companies, of which Innocenti is by far the largest, as well as a fair slice of the country's motorcycle industry. The other two car companies are de Tomaso itself and Maserati, operating in the rarefied world of luxury cars with a tiny output.

He came to Italy in 1954 from his native Argentina "to race a car in Formula One." Ironically enough, it was a Maserati, the marque he was to rescue, or rather restart from scratch, in 1976 after it had been effectively closed down by its then owners, Citroen of France. Gradually new life is being breathed into one of the most famous names in the Italian—indeed the world's—motor industry.

Although the concern still makes a loss, production of its sumptuous coupe and four-door models reached 600 units in 1980. According to Sig. de Tomaso, output should rise to 1,000 units this year, and possibly 6,000 in 1982, assuming the launch of a new "highly competitive" two-litre Maserati goes ahead, with its own Maserati engine. At present de Tomaso owns only 8 per cent of the company's equity but it seems probable he will take up his option to acquire the remaining 92 per cent from GEPI, the government-owned industrial rescue company which helped de Tomaso with the initial relaunch of Maserati.

De Tomaso Automobiles, controlled directly by the U.S.-based de Tomaso Industries which is the cornerstone of all his operations, is smaller still but none the less profitable. Output runs at around one unit a day, of sports coupes and the plush, low-slung Deauville saloon. An ultra-protected, armoured version of the latter is perhaps the most up-market anti-terrorist vehicle around, favoured by Italian Prime Ministers and certain Western ambassadors, among others.

In commercial terms, however, the most important part of the de Tomaso empire is Innocenti, the former Italian subsidiary of BL which by the mid-1970s was losing some £250 per car produced at its Milan plant — hardly a sustainable option for a struggling, problem-ridden manufacturer like BL itself. After a protracted crisis in the company in the mid-1970s, de Tomaso finally acquired control, although the UK group still retains an 8 per cent stake, worth around £2.5m at current prices.

Formula

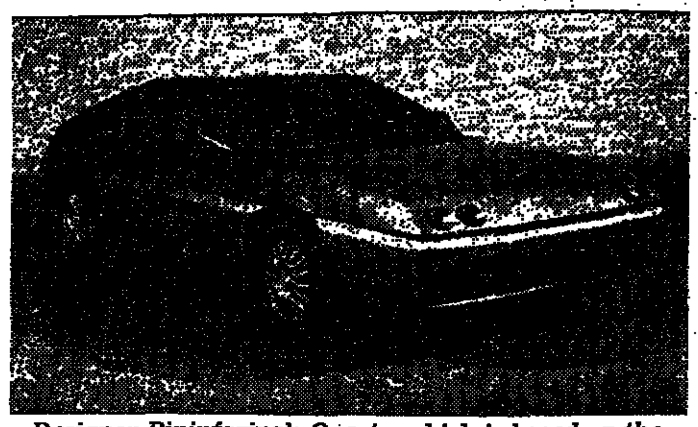
In 1976, at the trough of its fortunes, Innocenti produced just 12,791 cars, and achieved sales of L22.1bn (£10m). Between 1977 and 1979 sales rose from L75.8bn to L128.5bn (£57m), production from 38,122 units to 39,998, and sales in Italy and elsewhere from 32,744 to 43,750 units. Over the three-year period profits have climbed to L1.97bn from L185m, and although the 1980 accounts are not yet completed, the year is known to have finished in the black as well.

De Tomaso insists that Innocenti is a viable formula. "The doctrine of economies of scale is not one I believe in," he says. "The bigger a company is the more inefficient it is, and in any case things are changing fast in the car industry. Companies increasingly are less manufacturers than assemblers. If the economy of scale rule held, the British Leyland/Honda link wouldn't have a hope."

But the recovery of Innocenti is not just a matter of philosophy. De Tomaso is at least as famous in Italy for his relations (or rather lack of them) with the trades unions as for his unpredictable and outspoken views on other aspects of the car industry.

His description of current links with the unions is that "they ignore me, and I ignore them." He says he has one rule only: "If they ask for something I say, 'If I give it, what will you give back?' If they say nothing, then I give them nothing. I work like a dog and put everything into the company, I think they should too." This unadorned capitalism may not be pretty but it has worked. When BL was running Innocenti 4,777 men were producing 180 cars a day; now 2,300 men are producing 220 per day. Productivity says de Tomaso, has more than doubled.

Innocenti's future, however, is complicated by two relatively new factors. The first is uncertainty over what will happen when the present agreement with BL expires. According to de Tomaso talks on a new deal have been going on, in one form or another, for 18 months. "If we could go ahead with a new one, we would. I'm happy with the agreements with BL. But we don't seem to be able to pin things down."



Designer Pininfarina's Quartz, which is based on the Audi Quattro and embodies a number of advanced materials

In fact doubts have been expressed whether it is in BL's interest to keep up the production link with Innocenti, when it is staking so much on the new Metro model, with which the Innocenti Mini is at least an indirect competitor. De Tomaso, moreover, has struck out in a new direction, with an agreement with Daihatsu of Japan to import up to 150,000 engines a year to mount on a new range of Innocenti cars, which the company says will supplement and not replace the Mini.

Bombshell

The Daihatsu deal, sprung by the Italian industrialist who has always sounded the most paranoic about the threat from Japan, not only for Europe's car makers but also for its motorcycle industry came as a bombshell in Italy. But, said de Tomaso, after Alfa Romeo was permitted last summer to go ahead with its own joint venture with Japan's Nissan (to produce 60,000 vehicles at a new plant in Southern Italy), he had no choice.

"I saw that basically European governments don't give a damn about the problem. I am convinced that the West can never be competitive with the Japanese in any industrial field. It's a matter of ethics and culture. Western technology is more advanced, but they just work much longer, much harder."

Thus far the Italian Government has not yet pronounced officially on the deal, but de Tomaso says it has given no indication that it will turn it down. The new range of vehicles will be 20 per cent Japanese, 80 per cent Italian, and be based on three engine sizes—1,000, 1,300 and 1,600-cc. The new cars will not start rolling off the assembly line until 1982 at the earliest. They will be "a little, but not much, bigger" than the current range of Minis (the 998cc Mini 90, 90 SL and Mille, and the up-rated 1,275-cc Mini de Tomaso).

Fiat victory changes the mood

LABOUR RELATIONS

RUPERT CORNWELL

IT MAY be convincingly argued that the pattern of labour relations in the Italian motor industry, and in particular of course at Fiat, gives a far better idea of what is really happening in the country than any number of scandals and political crises in the capital, Rome. This has surely been the case over the past two or three decades anyway.

In that period governments came and went with bewildering speed, scarcely ever impingeing on the flow of the nation's life. Yet Fiat has been at the heart of arguably the two most significant developments in the country's post-war social development. The first impact was in the 1950s and early 1960s, accompanied by the massive internal migration within Italy from the South to the booming North—and especially to Fiat and its home city of Turin.

Failure to promote the structural changes to accommodate this colossal, if peaceful, social transformation was, and still is, at the root of many of the country's present tensions. Then in 1969 came the "hot autumn" of labour unrest, embracing Fiat as well.

In fact, though, the efforts of Italy's largest private industrial group to set its house in order had begun as far back as October 1979, when Fiat sacked 61 persistent factory troublemakers whom the unions either would not—or could not—discipline. That move signalled the company's exasperation at the industrial anarchy on the shopfloor, in turn entangled with the real guerrilla warfare taking place on the streets of Turin. Since 1975 three Fiat executives have been assassinated and 17 wounded by terrorists, as the ultra Left extremists concentrated on building up support among disgruntled factory workers.

The removal of the 61 dissidents was a first big step towards improving an atmosphere within Mirafiori and the group's other big plants in and around Turin. The strike, and the subsequent agreement to put 23,000 workers at its car plants on State subsidised lay-off until the end of 1981, was a second even bigger step. The Left has claimed that the choice of the 23,000 was tailored to include other workers whom management felt to be disruptive elements. The company has denied this. Suffice it to say that the showdown at Fiat has coincided with the elimination of terrorism (for the time being at least) from Turin.

Survival

But in a much more directly industrial sense the dispute was a turning point. Fiat dug in its heels because productivity at its plants had declined, and unit costs of production had risen to levels which were threatening the very survival of the company. The productivity gap between Fiat and its main German and French competitors had climbed to between 25 and 30 per cent. A good part of the problem, moreover, lay in the refusal of the unions to deliver on promises of greater "internal mobility"—for example, permitting the transfer of workers from assembly lines of slow-selling to fast-selling models, and allowing the rapid introduction of overtime where necessary. In the boom year of 1979 strikes and inflexible internal procedures "lost" Fiat sales of an estimated 200,000 units. The company was therefore in a far from ideal condition to tackle the market downturn of 1980 and 1981.

Hence the insistence that it must cut output by 20 per cent to reduce unsold stocks. For this, it argued, 23,000 lay-offs were necessary. The unions said no, and for five weeks production was paralysed. Pickets guarded factories, and tension increased as the two sides failed to break the deadlock in round after round of negotiations in Rome.

Then, on October 14, came the historic "march of the 40,000." Managers, middle executives, foremen and many workers as well marched through the centre of Turin demanding an end to the strike and the right to work. There could have been no more conclusive demonstration of how the unions had lost touch with their grass roots. The 40,000 were of course not a physical majority of Fiat workers, but they caught the mood exactly of the "silent majority" of employees who were simply fed up with the way events were going. In Rome within 24 hours the unions had given way, and Fiat had to all intents and purposes won what it had asked for at the outset.

In his letter to shareholders in January 1981 Sig Giovanni Agnelli, Fiat's chairman, summed up the results. The outcome, he said, "offered tangible proof that in Italy it is still possible to make up lost productivity. It also showed that the great majority of workers and managers have no intention of allowing themselves to be dragged into a situation that can only lead to the collapse of the country."

In fact productivity at Fiat's plants has risen by between 8 and 10 per cent since the agreement was reached. Absenteeism has meanwhile dropped by 60 per cent. The healthy contagion is also showing signs of spreading to Alfa Romeo, which—before last November's earthquake—was moving to secure a corresponding improvement at its trouble-plagued Alfasud plant at Pomigliano d'Arco near Naples.

Congress

For their part the unions are licking their wounds. The Communist Party, which had sided most vigorously with the strikers, held a congress on Fiat's problems in Turin last month but the tone was much more measured than during a similar exercise a year ago.

The compromise which emerged then saw the unions win concessions that made the Italian worker one of the best protected in Europe. Too well protected, it subsequently became clear, as Italy's economic struggle to escape from declining productivity, soaring costs and proliferating strikes grew apace.

These two phases are watersheds in post-war Italian events. To them now must probably be added a third—the five-week Fiat strike of last autumn, the single bitterest and most protracted industrial dispute in Italy since 1945. The strike's importance stretched far beyond the efforts of Fiat to get itself into shape to weather the current recession in the world car market.

As the stoppage dragged on it became ever more a symbol of the battle of all Italian private industry to restore its competitiveness, and win the freedom of manoeuvre for it to prosper. The outcome represented a defeat for the unions the repercussions of which even now have not yet subsided. It is almost certain, however, that the dramatic collapse of the strike will mark the end of the golden age of union power which set in with 1969, with its revaluation of an only suspected division between the highly politicised union leadership and the real aspirations of the rank-and-file.

But in a wider sense the union defeat at Fiat seems more and more a symptom of the increasingly Rightward shift of the country's political mood, as the residual excesses of 1968 and 1969 are worked out of the system. The sharp rise in prices on the Milan bourse, the manifest political failure of Left-wing terrorism in Italy, the quieter mood on university campuses—these are all signs of the changing times.

In Fiat's wake other big companies, most notably Montedison, are moving to claw back lost ground. In all, the titanic battle has left surprisingly few scars. The atmosphere in Fiat's plants has improved beyond expectation, and resentment appears limited to a small minority. The challenge now facing Fiat is to build on the success without rekindling old animosities.

Companies flourish in secure home market

MOTORCYCLES

ALAN WRAIGHT

THE WIND of change, blowing from Japan, has whipped through Europe's motor-cycle industry like a mistral, knocking over much of what had one time seemed indestructible. Britain, once the motor-cycle capital of the world, has paid dear.

However, the other great European bike building nation, Italy, has survived—indeed is flourishing. So much so that it now boasts more than 70 motor-cycle concerns contributing the equivalent of £100m-plus to the country's balance of payments.

The main driving force behind this healthy state of affairs has been the wealthy industrialist Alejandro de Tomaso. An enigmatic expatriot Argentinian, he has often been accused of trying to turn the country's motor-cycle industry into his personal property. But if many of his competitors at times may have seen this naturally aggressive businessman as the wolf at the door, they have much to thank him for.

It was de Tomaso who, in the early 1970s, stepped in to purchase the ailing giants Moto Guzzi and Benelli, as they floundered in the grip of recession. It was also he who closed the factories and controversially threatened to leave them closed unless the Government imposed import controls on foreign-built machines.

Faced with the likely loss of two of the industry's biggest names, and resultant unemployment, the Government gave in. All non-EEC machines under 380cc entering Italy now require an import licence. Those above that capacity carry a heavy import duty and are subject to quota. Thus it has been from a secure home market, where the dice are heavily loaded on the side of the Italian manufacturer, that Italy has been able to expand and prosper in the motor-cycle field.

Today the country's streets buzz to the sound of mopeds, lightweight motor-cycles and scooters, all but a few of which are home produced. In 1979, the last year for which figures are available, mopeds and scooters under 50cc accounted for 860,000 of a total of 1.17m motorised two-wheelers which rolled out of Italian factories. However, this last figure—which represents clear second place in the world manufacturing league table—would now appear to have been comfortably exceeded.

Piaggio alone is rapidly approaching the point where it will be turning out within Italy (it also has plants in Taiwan and Spain) over 1m machines a year. In unit terms the world's fourth largest motor-cycle manufacturer, ahead even of Kawasaki, Piaggio produced 894,400 mopeds, scooters and motor-cycles in 1980, and is projecting a total 949,100 for the current year.

Legendary

Of this about 44 per cent will go for export, and it is in scooter sales that Piaggio has seen the most spectacular growth in recent years. Mopeds built in 1981, at 412,000, will be 34,800 down on last year and motor-cycles proper — bearing the legendary racing name of the company's Gilera subsidiary —will total only 7,100 (5,400).

However, after steady growth during the 1970s—notwithstanding difficulties in 1979 caused by industrial troubles—scooter production has begun to accelerate strongly. In 1971 151,600 of the group's Vespa machines were produced; by 1980 the figure had reached 442,200 and this year 530,000 are likely to be made.

So the Italian small bike thrives. Not only Piaggio but a whole host of "back-yard" concerns such as Vicini, Simonini and Di Blasi, are able to bask in a market where a helpful climate, relatively low national wage structure and restricted Japanese competition make for easy pickings.

It is from this base that the success of the more prestigious superbikes, the Ducatis, Laverdas, Guzzis and Benellis, has been built. They too fight from a position of strength, with the swingeing import taxes making Japanese machines 20 per cent more expensive than their Italian counterparts.

Some gauge of the benefits Italian motorcycles enjoy can be drawn by taking a line through two six-cylinder top of the range flagships, the Honda CBX and Benelli Sei. In the the UK a Sei retails for £2,800 and the CBX can be picked up discounted for about £1,840. In Italy, the Benelli costs L5.5m (£2,420) and the CBX has to contend with a L7m (£3,080) price tag.

It is perhaps surprising then that all has not been a bed of roses for a number of the larger Italian manufacturers in the recent past. Most notably, Ducati hit trouble in the mid-1970s and had to be bailed out by the Government. When the company set up shop in Bologna in 1950 the Government and the Vatican were two major shareholders. The former is now the only shareholder, the company having been nationalised.

Another casualty has been MV Agusta which, despite a racing record second to none, went out of the motorcycle business in 1978. Its demise, however, is something of an enigma and for any clues one would have to understand the complex make-up of the company's founder, Count Domenico Agusta. He never really exploited MV's racing success; indeed, it was probably 26 years of obsessive racing that cost the Verghera concern so dear.

It is said that at one time the Count sold off a couple of the family's estates to support the factory's competition programme. Certainly road machine sales never justified the amount of money spent on sporting activities. The company now concentrates on helicopter production, its aviation ties going back to 1927 when the Count's father set up Societa Construzioni Aeronautiche Giovanni Agusta.

In some ways MV's case illustrates a notable change in the structure of the Italian motorcycle industry in recent years. Traditionally it has been strongly dynastic. The only difference is that MV refused to relinquish its famous name, whereas the Gilera, Garelli, Benelli and Parodi (owners of Guzzi) families chose to sell out to large industrial conglomerates when the going got tough.

In the first instance the purchaser was Piaggio, in the second Agrati and in the other two de Tomaso. One other major takeover was that of Aermacchi by Harley-Davidson of the U.S. But "Macchi" is now back in Italian hands, having been re-sold to fellow Varese company Cagiva, which among other things manufactures zip fasteners.

These major takeovers apart, the family and one-man business is still very much the backbone of the Italian industry. The Laverda brothers are still in charge at their Breganza plant, as are Gabrielle Morini at Moto Morini and Giancarlo Morbidelli at the racing specialist concern that bears his name. Of these, Gabrielle Morini's influence on her Bologna-based company has been of particular interest lately.

Necessity

On her father Alfonso's death, she was faced with bringing an ageing range of motorcycles up to date, yet with limited funds available. Without getting too technical, all engines, both singles and V-twins, are now based on the same crankcase. Therefore the only difference in the production process is the necessity to make a second hole at the back of the case to take the rear "pot" of twin-cylinder models.

The idea was that of designer Franco Lambertini and it has meant that a variety of machines can be produced with tooling costs kept to a minimum.

This typifies the kind of ingenuity the Italians are employing to combat Honda's recent intrusion with the Japanese company's setting up of an assembly plant at Chieti in the province of Abruzzi. Here 10,000 machines were built in 1980, and 12,500 are forecast for 1981.

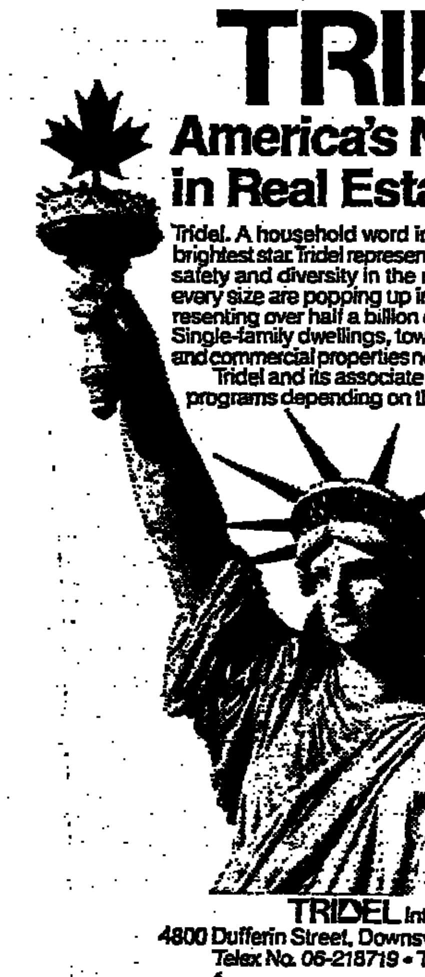
These are bound to have some effect on the country's large-capacity bike sales. But Italy is still in the enviable position of registering 850,000 machines a year and yielding only a meagre slice of this market to the Japanese.

For information on rates, sizes and space availability contact:
John Risbey
Financial Times
10 Cannon Street, EC4P 4BY
01-248 5161

Business and Investment Opportunities

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

EVERY TUESDAY AND THURSDAY
£25
per single column centimetre—Min. 3 cms.
Copy must be submitted in writing



TRIDEL
America's Newest Landmark in Real Estate Opportunities.

Tridel. A household word in Canada is rapidly becoming America's brightest star. Tridel represents 50 years of expertise, experience, stability, safety and diversity in the real estate development field. Projects of every size are popping up in Ontario, Canada and Florida, U.S.A., representing over half a billion dollars in sales in the last 5 years alone. Single-family dwellings, townhomes, apartment buildings, patio homes and commercial properties now populate areas that were once barren land. Tridel and its associate companies offer a variety of investment-programs depending on the projects chosen:

a) Lease-back with an annual 8½% guarantee income for 5 years, or
b) Rental, management and maintenance, or
c) Income producing commercial properties.

Tridel's unique financing plans have allowed thousands of people an opportunity to participate in Tridel's successful growth record.

For complete information on how you can put Tridel's expertise to work for you, write for our Investment Portfolio today. Please include your full name, address and telephone number.

TRIDEL International Sales
4800 Dufferin Street, Downsview, Ontario, Canada M3H 5S9
Telex No. 06-218719 • Telephone: (416) 661-9290

Representative office for World Realty Inc.
40 Sloane St., S.W.1, London
Tel: (01) 235-1813
Telex: 919703 Disco G

These investment opportunities are not available to U.S. residents.

MICROCOMPUTERS—REGIONAL DISTRIBUTORS
Business Systems / Word Processors

We are a well-established, exclusive importer of up market U.S. manufactured microcomputer system, backed up by our own mainteance and software facilities and have exciting plans for the future.
There is now a requirement for regional/main distributors particularly in
North-East England/Yorkshire
Midlands
South-West England
The opportunity calls for companies prepared to demonstrate and sell the system to large and small businesses. The product is at the high quality end of the microcomputer market and is recognised as a genuine business tool.
Efficient companies would be required to generate sales and will be supported by enquiries from our own national advertising.
Write Box F1998, Financial Times, 10 Cannon Street, EC4P 4BY.

FISH FARMING

Retire to the country and farm fish. Opportunities occur to purchase the freeholds of modern, intensive fish farms to be constructed in the South of England in 1981. Established marketing procedures and technical training available. A remunerative country living. Minimum capital £80,000.

Apply:
FIELD, STREAM & COVERT (ENGLAND) LTD.
Fish Farming Managers & Engineers
Meriden, Warwickshire CV7 7LJ.
Tel: 067 55 2882

ENJOY RACING THIS SEASON AS AN OWNER

Private syndicate assisting established Yorkshire Stable has a few shares available in two exceptional unnamed 2-year-olds £1,250 + 40 p.m. inclusive of all expenses per 1/12 share. Company purchase for tax and advertising advantages considered.

For further information and visiting arrangements:
Tel: 01-906 0916
(Ref. 1DH)
Or 065381 586 (Yorks.)

TURN INVESTMENT INCOME INTO EARNED INCOME

and enjoy in addition the following

TAX DEDUCTIBLE BENEFITS

— a car of your choice
— an expence allowance
— a salary for your wife (taxed only at basic rate)
— a tax exempt savings facility

whilst retaining full control over your funds

PLUS a

66% REDUCTION

in your

CAPITAL TRANSFER TAX LIABILITY

We are confident that your professional adviser will approve our NO RISK proposals.
If you have £50,000 upwards you could make available please WRITE for full details, without obligation. (*We regret no telephone enquiries can be accepted.*)

Managing Director, Dept. FIG
Ackrill, Carr and Partners Limited
Tricorn House, Five Ways, Birmingham B16 8TP

FLORIDA REAL ESTATE

Real Estate Boom in Central Florida

Thanks to a surge in new industrial expansion and an anticipated increase in Disney World-oriented tourism, Orlando offers many opportunities. Disney World, the land of Mickey Mouse, already attracts over 13,000,000 visitors yearly and the fabulous "EPCOT" (Experimental Prototype Community of Tomorrow) being built at a cost of $800,000,000 will attract many more millions of visitors.

The Product

Bella Vista Village is part of Tuscawilla Orlando, a community known for offering the best of Central Florida lifestyles. Bella Vista Village, Inc., sells single family houses built around existing 18-hole championship golf course, Olympic-size swimming pool, tennis courts, clubhouse and restaurant, playgrounds, bridlepaths, stables, pro-shops.

The Location — Orlando, Florida

Year-round ideal climate—the Atlantic beaches 40 minutes away, hundreds of lakes, 35 golf courses, make Orlando one of the fastest-growing vocation capitals of the world.

The Investment

Florida has no personal income tax, no inheritance tax and no tangible personal property tax. Ownership of a new house in Orlando is amongst the safest, most profitable investment in U.S.A., providing income from permanent rental plus historic average appreciation of 15% per annum. Management/maintenance, rental service available by contract with independent management company. 3/4-bedroom houses equipped, including land, from $60,000-$80,000. 30-year mortgages through American banks available.

The Distributor

The company wishes to appoint a limited and select number of exclusive agents. *Replies should be directed to:*

TRANSAM
Transam Realty Company of Florida, Inc.
405 Park Avenue, New York, N.Y. 10022

Buying or Selling a Company?
Achieving the best result for you is our business

for details please contact
Panton Corbett (a Managing Director) or
Jonathan Lyttleton (a Local Director) at
Singer & Friedlander Ltd.
20 CANNON STREET LONDON EC4 01-248 9646
or one of our branch offices at BIRMINGHAM 021-454 2247
LEEDS 0532-38073 BRISTOL 0272-41207
NOTTINGHAM 0602-49721 GLASGOW 041-221 9996
BOURNEMOUTH 0202 26000

CONSULTANCY
in
MANAGEMENT SELECTION

Does the thought of running your own consultancy firm using a household name appeal to you? Have you wanted the opportunity to put your own ideas into practice and see your own income more directly relate to your success?
We have a few more areas available for licensing including North East England, part of the Midlands, South West England, Scotland, Wales and East Anglia.
If you are interested, please write with full curriculum vitae, giving details of the area you would be interested in licensing, quoting reference FRN104, to:

M. ANSELL, c/o PETERS & PETERS
2 Harewood Place, Hanover Square, London W1R 9HB
Please list in a covering letter any companies to whom your reply should not be forwarded

DISTRIBUTION FACILITIES
CHEMICAL AND INDUSTRIAL PRODUCTS

Major UK based company offers distribution facilities for chemical and industrial products. Large modern warehouse, located in the Midlands with full mechanical handling equipment. National distribution network with large transport fleet. Full range of computer stock control and order processing procedures available.

Write Box F.1992, Financial Times
10, Cannon Street, EC4P 4BY

FOR SALE
LETTERPRESS/LITHO PLATEMAKERS

Situated in the East Midlands. Turnover £500,000+ per annum. 48 employees. Modern leasehold premises 13,000 sq. ft., including 2,000 sq. ft. offices.

Write to: Box FT/664, St. James's House,
4/7 Red Lion Court, London EC4A 3EB.

Food Manufacturing Capacity

Capacity is available immediately for the following activities:

★ Mixing/blending of dried food products for bulk use or subsequent packaging.
★ Formulating/development of dried food products.
★ Packaging of food products as follows:
— sachet production on Bosch BMA form/fill machines.
— pouch production on Rovema vertical form/fill machines.
— bulk filling of catering-style packs.
— general hand packing collation cartoning and shrinkwrapping facilities.

National distribution network available if required.
Please contact advertiser to discuss requirements.
Write Box F1975, Financial Times, 10 Cannon Street, EC4P 4BY.

PROFESSIONAL NEGOTIATOR
specialized in
CONSTRUCTION EQUIPMENT
(Fluent in : English, French, Spanish)
Negociate for account of :
MANUFACTURERS, CONTRACTORS, FINANCIERS
DISTRIBUTORS, STATE ORGANISATIONS.
all agreements & contracts for
DISTRIBUTION, SALE, PURCHASE,
LEASING, RENT-PURCHASE.
you will get most for your money through Better negociated deals covered by absolute discretion. Inquiries to :
P. LICHAU S.A. - Réf. 4347 - B.P. 220 - 75063 PARIS Cédex 02

Be represented in the capital of GERMANY

BUREAU AM BUNDESKANZLERPLATZ

We invite you to be a member of the I.CM. SERVICE CENTRE, situated in the government area of BONN/FRG. Avoid the high costs of an own office and share our knowledge of the German market, our European and worldwide consulting and marketing service and our high ranged approach to officials and institutions. The comperably low rate of about £4,500 p.a. includes multilingual personal and conference facilities.

For further information contact our representative:
Mr. K. P. Bützler, Adenauerallee 170, D-5300 Bonn 1/FRG.
I.C.M. LTD.,
INTERNATIONAL CONSULTING & MARKETING

TAKEOVER OPPORTUNITY — PARTNER WANTED

Your first impression might not be too exciting if you read the headline. But this is not without purpose because I would prefer to tell you the attractive details of this profitable investment concerning yield, safety and growth in a personal conversation. Nevertheless you should know that your partner is a young and capable banker with acceptable references and that he is personally engaged with management and responsibility. The company is based in Germany and supplies very successfully the growing market of *organic fertilisers* and *horticulture*. An amount of US$300,000 would secure you already a substantial stake in the company. If you estimate the individuality and the specialty I would be grateful for a few informative lines from you by writing to:
Box F1983, Financial Times, 10 Cannon Street, EC4P 4BY.

CORPORATE LESSORS WITH MARCH YEAR ENDS

A limited number of non-recourse funded leases available.

£50,000 Minimum.

For details contact:
C. G. Strang
SHIRLSTAR CONTAINER TRANSPORT LTD.
7/9 Swallow Street, Piccadilly, London, W1 - Tel: 01-439 8361

ABOVE AVERAGE PRICE

To be paid for an expanding business currently earning between £200,000 and £1,000,000 p.a. by a successful public company.

Please contact:
The Chairman, Box F1960, Financial Times,
10 Cannon Street, EC4P 4BY, or telephone 01-278 9635
to arrange a confidential meeting.

SPECIAL OFFER

OLIVETTI ET 121
ELECTRONIC TYPEWRITERS
Available from
£6.50 PER WEEK
Also various I.B.M. Models
FOR SALE/HIRE
A.M. OFFICE TRADING CO.
Tel: 01-549 9339

ENGINEERING

Company with own Non-Ferrous Foundry seeks enquiries for new or established products involving bronze or other non-ferrous castings with machining / assembly to finished state. All replies will be dealt with by the Managing Director in the strictest confidence.
Write Box F1993, Financial Times, 10 Cannon Street, EC4P 4BY.

READY FOR EXPANSION?

Has your business reached a stage when further growth is hampered by lack of expertise and financial backing? We are a successful private manufacturing and distribution company with access to substantial reserves of both these important ingredients and are interested in totally or partly acquiring sound businesses in the technological, energy-related or food processing industries. Size is not important, although potential for growth is essential. This is a genuine opportunity for your present shareholders and managers to enjoy the benefits of assisted expansion and principals should write in confidence with appropriate details to The Chairman, Box F.1996, Financial Times, 10, Cannon Street, EC4P 4BY.

DIRECTORS/MAJOR SHAREHOLDERS OF FAMILY BUSINESSES

Are there members of your family or staff who would benefit from a truly European management education programme?
Can they already provide evidence of academic success and some linguistic ability?
If yes, give them the unusual opportunity of working and studying in France, UK and West Germany and obtaining a highly-prized management school qualification.
For further details, write to:
The UK Director
Ecole des Affaires de Paris
12 Merton Street, Oxford OX1 4JH

TAX YEAR END 5th APRIL

100% IBA units qualifying for current tax year allowances still available:
London: 4 units at £92,500 each yielding 8/8½%
Torquay: 4 units at £37/66,000 each yielding 8½/9%
Apply:
Mr. James (01) 487-2886

EXCITING WEST END SHOW

with Oscar-winning songs and star cast. *Immediate backing required* totalling £300,000. Above average profit participation. Write for details indicating number of £1,000 units prepared to purchase, M.M. Management, 7 Windmill Street, London, W1.

BE A DRAIN SURGEON

by offering a proven and unique service to industry and the general public, remotely TV Scanning and renovating drain/pipe interiors. The market is vast, essential and virtually untapped. £5,500 plus VAT will buy the equipment and training. An ideal opportunity for anyone wishing to start their own business or extending their present one. Finance can be arranged.
Contact:
DRAINMASTERS (LONDON) LTD.
7, Cotswold Street
London, SE27 0DW
Tel: 01-761 1223/4

COMPUTER PORTRAITS

AVAILABLE NOW IN FULL COLOUR OR B & W
AN INSTANT MONEY MAKER THAT CAN EARN YOU £3,000-£6,000 per month

A portrait from a live subject or from a photo in less than 60 sec. This can be instantly transferred on to a T-shirt or almost any textile item. Full or part-time. ALL CASH BUSINESS. Portable. No experience necessary. Excellent for shopping centres, resorts, shows, hotels, mail order, carnivals, fairs or any high traffic location. Total price DM 39,530 (approx. £9,000) which includes full colour option.
KEMA COMPUTER SYSTEMS
DEPT. FT BEETHOVENSTR. 9
6 FRANKFURT, GERMANY
TELEX: 412713 KEMA
TEL: (0)611-747808
Office hours 10 a.m.-6 p.m.

ARABIC SPEAKING ACCOUNTANT

Chartered or Certified Accountant is required by firm of accountants in Libya. Salary negotiable.
Write CV to:
S. ALEYAN,
18 Alexandra Grove,
London, N4

PHONE PHONEMATE

We can demonstrate and supply the largest choice of PO Certified Answerers in the UK. Worldwide Remote Control and Normal models by Code-a-Phone, Doro, Phonemate, Recordacall and Sanyo. Tax free export the 5-mile Superlone at £400. UK delivery Securicor. We supply the best—not the rest.
Phonemate Ltd.,
289 Finchley Road, London, NW3
01-431 0266/0267. Tx. 298681
PO Approved Supplier

BULLION COLLATERALS

are accepted for commodities trading
For further details write to:
SOFTEX SA
3 rue du Purgatoire
1204 GENEVA

NEW ENGINEERING OPPORTUNITY

Indicated turnover £2m. Offer includes freehold South Coast premises, facilities, extremely marketable product, stocks, good margins, etc. Lot £175,000. No catch. Owners have other priority. Operating specialists supplied if required.
Write Box F1991, Financial Times, 10 Cannon Street, EC4P 4BY.

PAPERWORK STORAGE PROBLEMS?

WE CAN SOLVE THEM
MICRODEX
MICROFILM SERVICE
Cobham (09326) 6111

WE RENT PRESTEL

Drazin Ltd. welcome enquiries from individuals and businesses within 5 miles of their premises.
CALL AT OUR SHOWROOMS or phone Mr. I. Drazin any morning between 9 and 12 at 01-435 7441
DRAZIN LTD
59 Heath Street
London, N.W.3.
Only 39 Steps
from Hampstead Tube Station

LONG ESTABLISHED BRITISH FIRM

looking for investment opportunity in the UK in the range of £26,000 to £200,000. Strong asset base and management capable of giving assistance.
Write Box F1996, Financial Times, 10 Cannon Street, EC4P 4BY.

LIMITED COMPANIES

FORMED BY EXPERTS
FOR £85 INCLUSIVE
READY MADE FOR £95
COMPANY SEARCHES
EXPRESS CO. REGISTRATIONS LTD.
Epworth House
25-35 City Road, EC1
01-628 5434/6, 7361, 9936

ELECTRONIC PRODUCT WANTED

Manufacturer of electronic equipment *is seeking additional products* to add to his product range to market throughout the UK. Any type of product could be of interest, providing it is of electrical/electronic nature.
Write Box P1953, Financial Times, 10 Cannon Street, EC4P 4BY.

CAPITAL

Required for expanding nationwide *parcel express company. Established* two years and projected profits 81/82 in region of £100,000. All interested parties, please reply to.
Box F1973, Financial Times, 10 Cannon Street EC4P 4BY.

REPRESENTATION IN U.S.A.

INCREASE SALES—EXTEND YOUR CONTACTS

We currently represent several small UK Companies and are looking to expand our operation. From full service to use of telephone/telex. Reasonable terms.
EROYDON MANAGEMENT INC.
POB 841 Wall St Stn NY NY 10005
Telex: 82998. Tel: 212 288 9000.

SECONDARY FINANCE for Home Owners 14½%-17¼% p.a. interest. Palme Banks. 01-402 0691.

CARPHONE. A telephone in your car. Lease from less than £5 per week, including fitting. Nationwide Service. Telephone (0373) 66606/63386 for details.

START AN IMPORT/EXPORT AGENCY. No capital needed. Established 1946. Clients in 120 countries. Stamp for *details*. Wade, Dept. F, P.O. Box 9, Marlborough, Wilts.

LICENSED DEPOSIT-TAKER

Chartered Accountant with private banking experience seeks participation, financial and personal in company approved under the Banking Act 1979 and which wishes to expand its activities.
Please reply Box F1981, Financial Times, 10 Cannon Street, EC4P 4BY.

EXCEPTIONAL OFFER
SCOTCH WHISKY

Over 6,000 cases Export Brand quality - 8 & 12 *year old*
Very low price for entire consignment - All ex-bonded warehouse, Glasgow
Contact Managing Director
ESPLEY & ESPLEY INC.
18 Orange Street, London WC2H 7NT
Tel: 01-839 6201

BOAT BUILDERS

Enquiries are invited for the purchase of a leading UK manufacturer of GRP Motor and Sailing Boats. The company has a long history and *is highly regarded in the industry* and by boating and sailing people. It has a good range of models and very good production facilities in leasehold premises.
Write Box F2000, Financial Times 10 Cannon Street, EC4P 4BY

NEW PRODUCTS WANTED

Domestic Products Division of a Public Company wishes to extend its range. Established products in both gas and electrical fields would be of interest.
Write in strictest confidence to: Box F1987, Financial Times, 10 Cannon Street, EC4P 4BY.

ST. LUCIA

Co-ownership invited for luxury 4-bedroom villa to be built on advertiser's land adjoining beach at Cap Estate. Photographs and full details from:
Box F1994, Financial Times, 10 Cannon Street, EC4P 4BY.

STOCKING FINANCE required. Fully *secured. Proven results. C.S. Marine.* 01-979 6928.

OFF-SHORE UNIT TRUST Management Company wanted: controlling interest: small/medium size. Write Box F.1966, Financial Times, 10, Cannon Street, EC4P 4BY.

BUY OR SELL BLOCKED CURRENCIES

All inquiries strictly confidential
UNION FINANCIAL SERVICES
1880 Century Park East
Suite 318
Los Angeles, CA 90067
Phone: 213-277-8508
Telex: TEL, US BVHL 194728

PLANT AND MACHINERY

FOR SALE

RECONDITIONED PRODUCTION PLANT FOR SHEET, STRIP WIRE, ROD & TUBE, FERROUS & NON-FERROUS

Rolling Mills, Slitting M/cs, Decoil Flatten and Cut-to-Length Lines, Sheet Levelling, Wire Drawing, Bar Reeling and Straightening, Swaging, Wire Decoil Straightening and Cut-to-Length, Scrap Balers, Shears, Saws and associated equipment
WEDNESBURY MACHINE CO. LTD.
Oxford Street, Bilston, West Midlands - Tel: 0902 42541/2/3 - Telex: 338414

Up to £200,000

Private investor in Leeds area has funds to invest in profitable private company. Controlling directorship.
Apply in writing in first instance to:
Michael Freedman
Finnie Ross Allfields
Chartered Accountants
Bridge House, Westgate, Leeds 1

SMALL COMPANY

Security Consultants, workshop for Overseas Governments and Commercial Organisations have developed sophisticated micro-processor security equipment. Finance is required to market this product either by formation of sales company with equity participation or would consider licence to manufacture subject to proven marketing ability.
Write in first instance to Box F.1999, Financial Times, 10, Cannon Street, EC4P 4BY.

APPOINTMENTS

Senior post at Coalite Group

Dr. Keith Sugars has joined the Board of COALITE GROUP as a divisional managing director in charge of a newly constituted general manufacturing division which includes oils, chemicals and vehicle building. Dr. Sugars was previously executive director of the Tioxide Group.

★

Mr. Roger P. French has been admitted to partnership in the London firm of DELOITTE HASKINS AND SELLS management consultants.

★

Mr. John Honess has been appointed a director of the CORTINA ELECTRIC COMPANY, based at Watford.

★

Captain F. C. Hookway, assistant superintendent, TRINITY HOUSE, East Coast, has been appointed superintendent East Coast from April 1. Succeeding Captain Hookway as assistant superintendent, is Commander Peter Charles Vere Inman, Trinity House base commander, who is promoted to the rank of Captain.
captain.

★

Sir Jack Rampton has been appointed to the Board of LONDON ATLANTIC INVESTMENT TRUST.

★

Mr. R. P. Druett, deputy chairman and chief executive of Turner and Newall's subsidiary PAYEN INTERNATIONAL, will shortly be retiring. He will be succeeded as chief executive on April 1, by Mr. P. N. Stockton, managing director, operations. Mr. G. C. Clark, managing director, administration, has been appointed deputy chief executive from April 1.

★

Mr. John G. Plackett has been appointed president of DURACELL EUROPE, a division of Duracell International Incorporated, and managing director of DURACELL BATTERIES. Mr. Peter Schatz has been appointed vice-president of consumer and technical marketing for Duracell Europe and a director of Duracell Batteries.

★

Mr. Michael Jones has been appointed steel division director, SANDVIK, and joins the main Board.

★

Mr. Malcolm Reynolds, the senior partner of Reynolds Johnsen and Green, Suter's solicitors and a director of Alexander Howden Group, has been appointed a non-executive director of SUTER ELECTRICAL.

★

THOMSON DIRECTORIES has appointed Mr. Nigel Donaldson as sales director. Mr. Donaldson succeeds Mr. Terry Procter as special projects manager for *Thomson Regional Newspapers.* Mr. Procter wil remain a non-executive director of Thomson Directories.

★

Mrs. Rhon Gregson has been apointed to the Board of QUEEN COSMETICS.

★

Mr. T. G. Kent, deputy chief executive of BRITISH AEROSPACE DYNAMICS GROUP, has been appointed a director of British Aerospace PLC.

★

THORN EMI VIDEO PROGRAMMES has appointed Mr. Peter Morley as controller of programmes and chairman of its programme selection committee.

★

Mr. John Ashcroft of Coloroll has been elected president of the WALLCOVERING MANUFACTURERS ASSOCIATION OF GREAT BRITAIN in succession to Mr. Derek Bound.

★

The Energy Secretary has appointed Mrs. Sheila M. N. Garston, of Upton by Chester, as a part-time member of the MERSEYSIDE AND NORTH WALES ELECTRICITY BOARD for three years from March 9.

★

Mr. A. J. Shepperd, who is a non-executive director of WOOD HALL TRUST, has been appointed deputy chairman.

★

Following Mr. Paul Lockyear's arrival at Canada Permanent he has been appointed to the Board of CANADA PERMANENT TRUST COMPANY (UK). Other new appointments include Mr. Peter Bravery, risk administration manager; Mr. Philip Groom, business development executive; and Mr. Graham Lambert, business development executive. Canada Permanent is the UK subsidiary of Canada Permanent Trust Company, Toronto.

★

Mr. B. A. Thorne has been appointed to the Board of the MONO PUMPS GROUP as business development director. The group is part of Gallaher.
Mono Pumps Limited, the largest company within the Mono Pumps Group, has appointed Mr. Mike Harrison as sales and marketing director.

★

Mr. M. C. Stevenson has been appointed to the Board of PRIMARY COMMODITY RESEARCH.

★

Mr. Stephen Holmes has been appointed a director of B. AND P. INSTRUMENTATION.

★

TRANS CONTAINER SERVICES has appointed Mr. Denis O'Sullivan as group managing director. Mr. O'Sullivan was director of marketing for ITEL Container in London. Mr. John Taylor, a director of TCS Company will be responsible for the Group's leasing activities in Scandinavia and Mr. Layland Barker, who is also based in London, will be responsible for Southern Europe and the Far East.
Mr. J. McNaught was elected president of THE INSTITUTE OF MARINE ENGINEERS at the annual meeting in succession to Mr. L. D. Trenchard.

★

Mr. Peter Horsepool has been elected president of the Yorkshire region of the NATIONAL FEDERATION OF BUILDING TRADES EMPLOYERS. *Mr. Horsepool is* chairman and managing director of Ackroyd and Abbott and managing director of Bailey and Martyn.

★

Mr. Derek Kingsbury, deputy chief executive of the Dowty Group, has been appointed chairman of the CONFEDERATION OF BRITISH INDUSTRY'S overseas committee. He succeeds Sir George Burton, who has held the position for six years.

★

Mr. Sam Harrington has joined the Board of MOUNTVALE, a subsidiary of Emray.

★

Mr. J. W. van der Velden has been elected to the Board of MORGAN GRENFELL AND COMPANY from April 2.

★

Mr. T. J. B. Wright, chairman and managing director of BLOCKLEYS, has retired as managing director and is succeeded by Mr. B. J. Taylor, previously assistant managing director. Mr. T. J. B. Wright will continue as chairman.

★

The chairman of BLUNDELL-PERMOGLAZE HOLDINGS, Mr. Guy Bassett Smith, has retired, and has been succeeded by Mr. R. L. White.

★

RACAL-MILGO *has* made the following Board appointments: Mr. Alan Gill becomes director in charge of the UK division and Mr. John Babb is appointed marketing director.

FIRST SUPPLEMENT TO PROSPECTUS

2 per cent INDEX-LINKED TREASURY STOCK, 1996

In accordance with the provisions of paragraph 13 of the prospectus for the above Stock dated 10th March 1981 ("the Prospectus"), Her Majesty's Treasury have exercised their right to extend the definition of "Eligible Holder" set out in paragraph 8(1)(a) of the Prospectus so as to include the trustee or trustees of any pension scheme in respect of which:—

(i) application has been made to the Inland Revenue for approval and for treatment of such scheme as an "exempt approved scheme" for the purposes of Section 21 of the Finance Act 1970, and such application is currently being considered; and

(ii) the trustee or trustees reasonably expect that when such treatment is given not less than 95 per cent of the income of such scheme will be treated by the Inland Revenue as being exempt for tax purposes.

Statutory declarations required to be furnished in accordance with the Prospectus by such trustee or trustees must be accompanied by a copy *of the application to the Inland Revenue* or other documentary evidence that an application is currently being considered in respect of such scheme.

The trustee or trustees of a scheme which is subsequently refused approval and/or treatment by the Inland Revenue as an exempt approved scheme, or is one which is given such treatment but less than 95 per cent of the income therefrom is treated by the Inland Revenue as being exempt for tax purposes, shall cease to be an Eligible Holder and shall notify the Bank of England forthwith in accordance with the provisions of paragraph 12 of the Prospectus.

This supplement is to be read and construed as forming part of the Prospectus dated 10th March 1981.

Copies of this first supplement to the Prospectus may be obtained at the Bank of England, New Issues, Watling Street, London, EC4M 9AA, or at any of the Branches of the Bank of England, or at the Glasgow Agency of the Bank of England; at the Bank of Ireland, P.O. Box 13, Donegall Place, Belfast, BT1 5BX; at Mullens & Co., 15 Moorgate, London, EC2R 6AN; or at any office of The Stock Exchange in the United Kingdom.

BANK OF ENGLAND
LONDON
18th March 1981

LOMBARD

The muddle over energy prices

BY SUE CAMERON

THE GOVERNMENT'S approach to the thorny matter of energy prices will rankle in the hearts of British manufacturers for many months to come.

The campaign against high UK energy prices was started almost 18 months ago. It was led by the chemical industry which produced figures to show that British manufacturers were paying more for their oil, gas and electricity than their continental competitors.

Unseemly

The Department of Energy's initial response was to put its head down and hope the complainants would go away. When that failed, Ministers entered into an unseemly argument with manufacturers over the real price of gas.

Messrs. Howell and Lamont might have recognised that the chemical industry was likely to be rather better at adding up energy bills than they and their officials. But the pair of them managed to create a sizeable credibility gap by insisting that what mattered was the average price of gas—no matter how distorted by a few large, cheap contracts, no matter how irrelevant to the price being charged for most industrial gas supplies.

Umpteen inquiries proceeded to prove that manufacturers' claims on prices were largely right and Ministers largely wrong. Then came the Budget.

Industrialists were by now hollering for a cut in the £8 a tonne UK duty on heavy fuel oil, which is among the highest in Europe and which is helping to boost the price of gas. Budget leaks encouraged them to believe they might get it.

Just before the Budget, noises were made to the effect that the duty would not necessarily be reduced. But the noises were small and few heard. The Chancellor then announced a 20p a gallon increase in the tax on petrol and derv—with no cut in fuel oil duty. The Department's credibility gap widened.

One of the most curious aspects of the Budget was the Chancellor's reason for not reducing heavy fuel oil duty. He said such a move would not be in the wider national interest because it would increase the UK's bill for gas imports.

It now seems clear that he was referring to contracts between British Gas and the companies operating on the Norwegian side of the Frigg gas field in the North Sea; they account for some 20 per cent of UK gas. But industry experts are still puzzling over the mechanics of contracts which could include a clause putting *up* the gas price when the heavy fuel oil price—to which the gas price is linked—goes *down*. Nobody so far—least of all British Gas or the Department—has been prepared to give any details.

Comments have ranged from: "I assumed the Chancellor had misread his speech" to "Even British Gas wouldn't be daft enough to sign contracts like that".

But there is nothing daft about British Gas. A third comment to the effect that Sir Denis Rooke had managed to "scupper" fuel oil duty cuts might be nearer the mark. After all, lower duty would have meant lower industrial gas prices.

Yet the state-owned corporation, almost alone among the energy industries, has made some genuine concessions on prices. But thanks to the antics of the Department, neither British Gas nor the Government has received much credit.

Innocence

Late last week the men at the Ministry made things worse *by rushing out some "accurate"* figures on the latest retail fuel oil and petrol prices. These showed that UK prices were comparatively low. They also shot holes in British Gas claims that it was holding down interruptible gas supply prices to below those for heavy fuel oil.

The corporation's arguments required last Monday's heavy fuel oil price to be some £5 a tonne higher than the Department said it was. But with that innocence that has become its hallmark, the Department explained that its figure was for small industrial users, while the higher British Gas estimate probably applied to larger users. The muddle continues.

Common-sense from the Law Lords

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

IT IS not often that the Law Lords and the Court of Appeal are moved by the same spirit in their deliberations, but it did happen last Thursday. That day the two courts delivered judgments which brushed aside many dead precedents and shibboleths of interpretation, arriving at conclusions so reasonable that they could have been reached by any non-lawyer.

The House of Lords decision* dealt a mortal blow to the Rossminster tax avoidance schemes; and the Court of Appeal ruled†, by no means too soon, that maritime arbitrators have discretion to award interest, even when the principal sum was paid before the arbitration started or the award was made.

In reaching these results their Lordships did not admit that they were brushing aside any precedents or rules of interpretation. Indeed, their references to precedents are so numerous and complicated that one would need a special computer programme to decipher them in time for this article.

Judges who dealt with these problems previously did not feel free to prefer justice to law and used to open their judgments with an expression of regret. Whether they really had to suffer or were merely masochistic is debatable. What cannot be denied is that Parliament could have rescued the long-suffering judges (and with them the business community) by adding one sentence each to the Finance Act and the Arbitration Act.

The House of Lords decision, outlawing "circular" tax avoidance schemes, in which the fee paid to the tax consultant is the only material change in the taxpayer's financial situation, was followed by an outcry about "retroactive legislation by judges." There is a good deal of justification in this complaint. A whole series of previous decisions has led taxpayers and their consultants to expect that they would get away with such schemes. These decisions have been based on the principle that a subject can be taxed only on the basis expressly stated in an Act, and not according to the intention of the Act or its just interpretation.

From this follows that the subject is entitled to arrange his affairs so as to reduce his tax liability. The motive does not, in itself, invalidate such a transaction. The transaction must, however, be genuine, that is it must be what it professes to be and not something else. These principles were left untouched by the present decision.

But a further principle—that the court cannot go behind a document or transaction as long as it is genuine, and must not search for the underlying substance of the operation—was redefined in a form much more pleasing to the Inland Revenue. "While obliging the court to accept the document or transactions, found to be genuine, as such," said Lord Wilberforce, "it does not compel the court to look at a document or transaction in blinkers, isolated from any context to which it properly belongs." It was the task of the court to ascertain the legal nature of any transaction, or of a series or combination of transactions intended to operate as such.

The House of Lords had in the past considered "circular" transactions not entirely dissimilar from those in the present case and found commercial reality in them, though their effect was to pass a capital sum through various hands back to its starting point. But in the present case they considered two such schemes and, mainly on facts, found they lacked commercial reality. The schemes were designed to produce neither gain nor loss—they were self-cancelling. Money was provided not by the taxpayer (who only paid the fee) but by a finance house. The trick was, it seems, to produce losses which were tax-deductible, and to cancel them by gains which were not taxable.

The art of the tax consultant was, in this case, to make an equal number of angels and devils dance on the point of a needle to appropriate incantations by accountants and lawyers completing the required deeds and contracts. But there was no hypocrisy on their part; the consultants stated in their letter explicitly "that the scheme is a pure tax avoidance scheme and has no commercial justification. . .". Its effect, of course, was to shift the burden of taxation to those who did not use such schemes.

This consideration was clearly very much on their Lordships' mind. Lord Wilberforce said: "While the techniques of tax avoidance progress and are technically improved, the courts are not obliged to stand still. Such immobility must result either in loss of tax, to the prejudice of other taxpayers, or to parliamentary congestion or (most likely) to both."

* * *

On the same day, in the Court of Appeal, Lord Denning, Master of the Rolls, and Lord Justice Watkins, had similarly concluded that courts are not obliged to stand still and watch the law being abused. The case concerned the benefit debtors derive from making creditors provide interest-free capital for their operations. As pointed out before in this column, commercial court judges have held that neither the court nor arbitrators are able to award interest once the capital sum has been paid, even if it was paid only after long delay and in the "nick of time" before an award.

Originally, there was no positive rule of English common law that any different principle applied to damages for breach of contract to pay money, from that which applied to other breaches of contract. The rule that the court would not award interest was established only in 1829 for the convenience of the jury (which would find it difficult to establish whether proper steps had been taken to obtain payment). In 1934 the Law Reform Act enabled courts, but not arbitrators, to award interest on actions for the recovery of debts or damages.

This, of course, is not the whole story. The precedents bearing on this problem have their roots in legal technicalities and in a moral condemnation of usury. But the history is of no relevance to today, when the creditor is doubly punished by inflation and by his overdraft. Judges found the situation quite impossible and absurd but gave judgments against creditors, "reluctantly." The Law Commission proposed a short Bill to put things right a long time ago, but with no result.

Thus we had to wait for Lord Denning to come to the rescue of the abused citizen. Opening that the arbitrators were not bound by the strict rules of the common law courts, he ruled that they had "a wide discretion to award interest whenever it is just and equitable to do so. This discretion covers the rate of interest and the period for which it should be allowed, no matter whether the principal sum is paid before or after the arbitration has started, or before or after the award is made." That ruling was narrowed down in Lord Justice Watkins' judgment. He held that the arbitrator has the power to ward interest under the Admiralty jurisdiction (i.e. only in maritime disputes).

Lord Justice Oliver dissented in a long and closely-reasoned judgment, but he agreed that the result he reached was curious, regrettable and offensive to one's sense of justice. Leave to appeal was granted. We must keep our fingers crossed that the Lords will not succumb to their habit of reversing Lord Denning.

** W. T. Ramsay, Ltd. v Commissioners of Inland Revenue and Eilbeck v Rawling. † Tehno-Impex v Gebr. Van Weelde Scheepvaartkantoor. Both judgments delivered on March 12, 1981*

A wide-open event at Cheltenham

RACING

BY DOMINIC WIGAN

THERE CAN seldom, if ever, have been a more open race for the Cheltenham Gold Cup than this afternoon's 17-runner renewal of the festival meeting's feature event.

Every runner in this, the biggest post-war field for the race, has come in for criticism on more than one occasion in the build-up to the event. This has been reflected in that there have been a dozen horses or so vying for favouritism at some time or other since December.

It is highly probable that we shall not know until the off who will have the dubious honour of market position in a Gold Cup which has only once gone to the favourite since Arkle completed his hat-trick at odds of 10-1 on in 1966.

Unless the rains descend again Silver Buck will probably carry the hopes of more English supporters than Little Owl. Defeated only once since the start of last season, the Dickinson chaser could not have disposed of modest opposition with more authority at Wincanton recently.

Michael Dickinson has continually reiterated that he would be loath to saddle Silver Buck on testing ground at Cheltenham because "he is a stone better animal given good ground." However, Silver Buck is no mean performer in the mud.

Little Owl continues to win by wide margins. But it must be said he has not been doing so in the highest grade.

Jack Of Trumps, another whose jumping is far from flawless, has not struck me as a likely Gold Cup winner.

However, in a wide-open race each-way value is probably the optimum target. For this reason I shall be siding with Approaching.

Josh Gifford's 10-year-old, now thought to be back to near his peak, might well have had the *reserves of strength to* take a hand in last year's finish had Bob Davies not, inexplicably, asked him for a major effort on the exacting climb before the left-handed swing down into the home straight.

Broadsword in no way represents betting value at odds of around 2-1 for the Daily Express Triumph Hurdle. I much prefer the claims of Sharp Deal and Synarria.

CHELTENHAM

2.15—Synarria***
2.50—Honourable Man**
3.30—Approaching*
4.05—Bideford
4.40—Lady Martha
5.15—Lord Greystoke

ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

CINEMAS

CLUBS

ART GALLERIES

MAY FAIR THEATRE (near Green Pk. Undgrd.) 629 3036. Gp. sales 379 6061. Opens Tuesday, March 31 at 7.00 pm. Eves Mon.-Fri 8. Sats. 5.15 & 8.15. Mats. Wed. 2.30. THE FLYING KARAMAZOV BROTHERS Juggling and Cheap Theatrics.

LEFEVRE GALLERY, 30, Bruton St., W1. 01-493 1572-3. 20th Century Works on view. Mon.-Fri. 10-5.

PARKIN GALLERY, 11, Motcomb St., W1. 01-235 8144. A LOOK AT BRITISH PRINTMAKERS 1860-1940. Until 21 March.

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.00 For Schools, Colleges. 12.42 pm Regional News for England (except London). 12.45 News. 1.00 Pebble Mill at One. 1.45 Bod. 2.00 You and Me. 2.15 For Schools, Colleges. 3.00 Claire Rayner's Casebook. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Secret Squirrel. 4.25 Jackanory. 4.40 Scooby and Scrappy Doo. 5.00 John Craven's Newsround. 5.05 Blue Peter. 5.35 Fred Basset.

5.40 News.
5.55 Regional News Magazine and Nationwide.
6.20 Nationwide.
6.55 Tomorrow's World.
7.20 Top of the Pops.
8.00 Hi-De-Hi.
8.30 Sorry.
9.00 News.
9.25 "Brave New World" by Aldous Huxley.
10.58 News Headlines.
11.00 Question Time with Robin Day.

All Regions as BBC 1 except as follows:

Cymru/Wales—10.10-10.30 am I Ysgolion Hwnt Ac Yma. 2.15-2.35 pm I Ysgolion Ffenestri. 5.55-6.20 Wales Today. 6.55-7.20 Heddiw. 12.00 News and Weather for Wales.

Scotland—10.10-10.30 am For Schools (Around Scotland). 12.40-12.45 pm The Scottish News. 3.25-3.55 The Afternoon Show. 5.55-6.20 Reporting Scotland. 8.30-9.00 The Current Account Report. 12.00 News and Weather for Scotland.

Northern Ireland—11.30-11.50 am For Schools (Ulster in Focus). 3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 9.25 Sportsweek. 9.55 You and Your Rights. 10.25-12.00 "Brave New World" (as BBC 1, 9.25 pm). 12.00 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Nationwide (London and South East); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School (As BBC 1 3.55 pm).
2.00 pm Racing from Cheltenham.
4.50 Open University.
†5.40 King of the Rocket Men.
†5.55 Music-Hall Greats: "It's A Grand Life," starring Frank Randle and Diana Dors.
7.35 Mid-Evening News.
7.50 One Hundred Great Paintings.
8.00 Racing from Cheltenham (highlights).
8.15 In Search Of . . . Athelstan.
9.00 The Little World of Don Camillo.
9.30 Man Alive.
10.45 Newsnight.

LONDON

9.30 am Schools Programmes. 12.00 Gideon. 12.10 pm Stepping Stones. 12.30 The Sullivans. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Together. 2.00 After Noon Plus. 2.45 The Racing Game. 3.45 Leave It To Charlie. 4.15 Dr. Snuggles. 4.20 Bugs Bunny and Friends. 4.45 The Hunt Gymnastics International. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Battlestar Galactica.
7.30 Bognor.
8.00 The Incredible Mr. Tanner.
8.30 TV Eye.
9.00 Hill Street Blues.
10.00 News.
10.30 Thames Report.
11.00 Camera.
11.30 Three's Company.
12.00 What The Papers Say.
12.15 am Close: "Sit Up And Listen," with Johnny Morris.

All IBA Regions as London except at the following times:

ANGLIA

9.15 am Jobline (guide to job availability). 1.20 pm Anglia News. †4.20 Laurel and Hardy in "Angora Love." 6.00 About Anglia. 6.20 Arena. 6.30 Crossroads. 7.00 Survival. 10.30 Basketball (Walkers' Crisps Masters Tournament). 11.30 Kate Loves a Mystery. 12.25 am The Living Word.

ATV

1.20 pm ATV News. 4.20 The Hunt Gymnastics International. 4.50 Little House on the Prairie. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 7.00 Emmerdale Farm. 10.30 Focus. 11.30 ATV News. 11.35 Lou Grant.

BORDER

1.20 pm Border News. 4.20 The Hunt Gymnastics International. 4.50 Little House on the Prairie. 6.00 Lookaround Thursday. 7.00 Emmerdale Farm. 10.30 Close Encounters — Former England cricket captain Brian Close encounters a top sporting personality. 11.30 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News. What's on Where and Weather. 4.20 Kum Kum. 6.00 Channel Report. 7.00 All That Jazz. 10.28 Channel Late News. 10.36 The Jazz Series (George Chisholm/Carol Kidd/Kathy Stobart/The Alex Welsh Band). 11.35 News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 4.20 The Hunt Gymnastics International. 4.50 Kum Kum Cartoon. 5.10 Police News. 6.00 North Tonight. 7.00 The Electric Theatre Show. 10.30 Cover to Cover. 11.30 Paris. 12.25 am North Headlines.

GRANADA

1.20 pm Granada Reports. 4.20 International Gymnastics. 4.50 Chips. 6.00 Granada Reports. 6.25 This is Your Right. 7.00 Emmerdale Farm. 10.30 Celebration. 11.30 What the Papers Say. 11.50 Paris.

HTV

1.20 pm HTV News. 4.20 Little House on the Prairie. 5.05 Jobline Newsdesk. 5.15 Crossroads. 6.00 Report West. 6.30 Happy Days. 7.00 Emmerdale Farm. 10.28 HTV News. 10.35 Scene. 11.20 S.W.A.T.

HTV Cymru/Wales — As HTV West except: 9.30-9.45 am About Wales. 12.00-12.10 pm Owain A'r Olion. 4.15 Rumplestiltskin. 4.20 Take a Chance. 4.45-5.15 Ser. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Sports Arena. 10.35 A Turn Up in a Million: The Life of Ernest Bevin. 11.35-12.30 am S.W.A.T.

SCOTTISH

1.20 pm News, Road and Weather. 3.45 Life Begins at Forty. 4.20 The Hunt Gymnastics International. 4.50 Fangface. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Action Line. 6.30 Nature Watch. 7.00 Emmerdale Farm. 10.30 The Jazz Series — Ronnie Scott and his quartet, Barbara Thompson's Paraphernalia and guitarist Louis Stewart. 11.30 Late Call. 11.35 Tenspeed and Brown Shoe.

SOUTHERN

1.20 pm Southern News and Weather. 4.20 Beachcombers. 4.45 The Hunt Gymnastics International. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day by Day. 6.30 University Challenge. 7.00 Emmerdale Farm. 10.30 People Rule! 11.30 Father Dear Father.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News and Lookaround. 3.45 Father, Dear Father. 4.20 The Hunt Gymnastics International. 4.45 Tarzan. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.30 North East News. 10.32 Northern Scene. 11.00 Come In If You Can Get In. 11.30 Soap. 12.00 Makers of Northumbria.

ULSTER

1.20 pm Lunchtime. 3.45 Life Begins at Forty. 4.13 Ulster News. 4.20 Call It Macaroni. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.50 Police Six. 7.00 Emmerdale Farm. 10.29 Ulster Weather. 10.30 Counterpoint. 11.30 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 4.20 Kum Kum. 6.00 Westward Diary. 7.00 Westward Report. 10.32 Westward Late News. 10.36 The Jazz Series (George Chisholm/Carol Kidd/Kathy Stobart/The Alex Welsh Band). 11.35 Faith for Life. 11.40 West Country Weather, Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 4.20 The International Hunt Gymnastics. 4.45 Little House on the Prairie. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 10.30 With a Little Help. 11.30 George Hamilton IV.

(S) Stereophonic broadcast
‡ Medium wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Peter Powell. 7.00 Wheels with Dave Lee Travis. 8.00 Richard Skinner 10.00-12.00 John Peel.

RADIO 2

5.00 am Bob Kilbey (S). 7.30 Ray Moore (S). 10.00 Jimmy Young (S). 12.00 David Hamilton (S). 2.00 pm Gold Cup Special. 4.30 Much More Music with David Symonds (S). 6.00 Steve Jones (S). 8.00 Country Club with Wally Whyton (S). 9.00 Alan Dell with The Big Band Sound (S). 9.55 Sports Desk. 10.00 Tom Mennard tells Local Tales, and at 10.15 The Baby Grand Song Factory. 10.30 Star Sound Extra. 11.00 Brian Matthew with Round Midnight, including 12.00 News. 2.00-5.00 am You and The Night and The Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Fauré (S). 10.00 Musica Antiqua Cologne (S). 11.35 BBC Welsh Symphony Orchestra (S). 1.00 pm News. 1.05 Bristol Lunchtime Concert (S). 2.00 Barbara Hendricks (S). 2.55 Songs and Music for Oboe and Piano (S). 3.55 Elgar, Symphony No. 1 (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Talking About Music (S). 7.30 Radio Theatre 81. 9.00 Martinu (S). 9.15 Managing Big Government. 9.40 Bach (S). 10.00 Patterson (S). 10.30 Schubert (S). 10.50 Words. 11.00 News. 11.05-11.15 Janet Baker sings Delage (S).

VHF only — Open University: 5.55-6.55 am and 11.15 pm - 12.35 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Checkpoint. 9.30 The Living Word. 10.00 News. 10.02 Enterprise. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 File on 4. 11.50 Enquire Within. 12.00 News. 12.02 pm You and Yours. 12.27 Brain of Britain 1981 (S). 12.55 Weather; Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 Fritz Spiegl's Musical Alphabet. 4.15 Bookshelf. 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News. 6.30 Any Answers? 6.55 It's a Bargain. 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 The Edinburgh International Festival 1980 Haydn: The Creation, part 1 (S). 8.50 A Sideways Look at . . . by Anthony Smith. 9.05 Haydn: The Creation, part 2 (S). 9.40 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 The Tony Fish Total Music Show. 2.30 Tony Blackburn. 5.00 News. 5.15 Music on the Move. 6.33 Openings. 7.03 Black Londoners. 8.00 As Radio 1. 10.00 Question Time from The House of Commons. 11.05-5.00 am Join Radio 2.

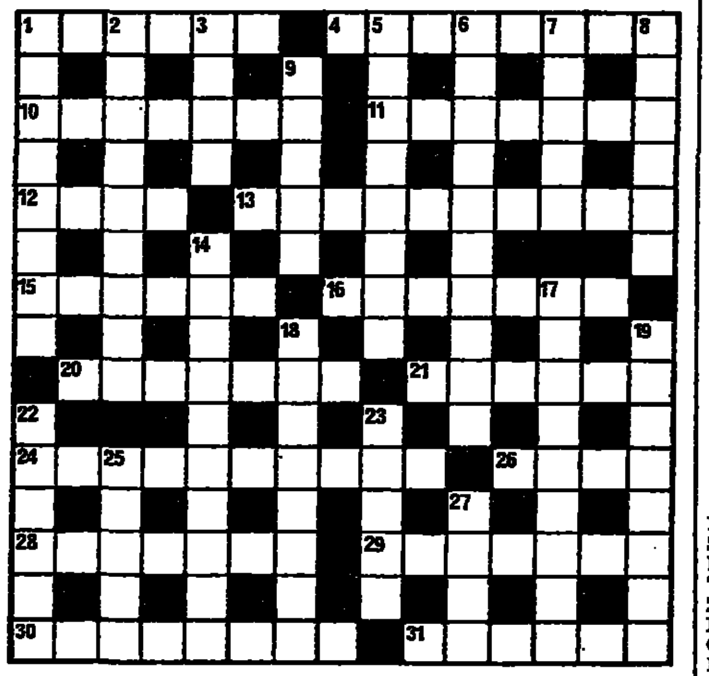
London Broadcasting

6.00 am AM Bob Holness & Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 pm London Life. 9.00 Mike Dickin's Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 The London Interview. 5.00 Morning Music.

Capital Radio

6.30 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Graham Dene. 1.00 First Report. 1.10 Graham Dene (continued). 3.00 Roger Scott. 7.00 London Tonight. 9.00 Nicky Horne (rock music). 11.00 Tony Myatt's Late Show. 2.00 am Richard Allinson's Night Flight.

F.T. CROSSWORD PUZZLE No. 4,523



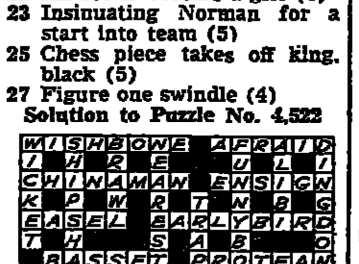
ACROSS

1 Key to public shelter (6)
4 Money given to bowler in general (5, 3)
10 Loss-leader breadwinner takes apprentice (7)
11 Rash complaint (7)
12 Temptation to torment (4)
13 Food for one price going to point of no return (6, 4)
15 Peg odds one was given (6)
16 Wasting a pot (7)
20 Close repetition seen before long (2, 3, 2)
21 Charge for consumption of a volumetric unit (6)
24 So much for the French to put on a horse or equivalent (10)
26 Post to Pole on purpose (4)
28 Rum glow coming from one used as 12 (7)
29 Refuse sinking (7)
30 With shrewdness like rebuke in front of cathedral (8)
31 Swallow heard as a joke (6)

DOWN

1 State has an attempt at growing fruit (8)
2 Feasibility of 6 acquiring skill (9)
3 Order offensive (4)
5 Beasts keep in resort (8)
6 Old-style diligence of dramatic director (5, 5)
7 Henry takes on master at game (5)
8 Old coin examiner (6)
9 Mind bighead taking shower (5)
14 Indirect traffic controller (10)
17 Woman likely to have pins and needles (9)
18 Odd becoming a second-class general (8)
19 Down and out quite overcome (4, 4)
22 All set to become a girl (6)
23 Insinuating Norman for a start into team (5)
25 Chess piece takes off king, black (5)
27 Figure one swindle (4)

Solution to Puzzle No. 4,522



THE ARTS

Book and Records Review

Bach by RICHARD JOSEPH

Bach and the Dance of God by Wilfrid Mellers. Faber and Faber. £15.00

Bach: Motets. Knabenchor Hannover, Collegium Aureum/Heinz Hennig. Harmonia Mundi 1C157-99901/2. Bachchor Stockholm, Concentus Musicus Vienna/Nikolaus Harnoncourt. Telefunken 6.35470

After Richard Wagner, J. S. Bach is probably the "master" who provokes the most fascination and contention. Two factors contribute to this interest. First, he is the last (and so most recent) composer to live and work entirely within the stability of the European religious tradition. Second, no unbroken *performing* tradition exists, so his music invites any amount of interpretation, discovery, or recovery of lost performance practice. The basic material is fixed and secure, the product of Belief, while the acoustic realisation is speculative—for modern audiences, this is an unbeatable combination.

Wilfrid Mellers' recent book *Bach and the Dance of God* reflects this dichotomy all too accurately. The result of his university analytical classes over many years, it interprets Bach's music in strongly metaphysical terms. This is an earnest attempt to compensate for the de-sacrilisation Bach's music has undergone in our age of easy mechanical reproduction. But things go imaginatively astray within Mellers' examination of the music, and between the analysis and the justification of his interpretive ideals. The basic premise is founded on Baroque practice—Mellers' credentials as a scholar of the period, especially as the author of Francois Couperin and the French Classical Tradition, are first rate—but unfortunately the realisation is as metaphorically confused as the elaborate, cliche-ridden devotional poetry he frequently quotes.

The book's first chapters are effortful, to say the least. In a work primarily concerned with the eighteenth century, there seems no need to cite quite so many primitive shamanistic and tribal rituals in order to establish the anthropological significance of music in worship. Similarly, establishing music as an intuitive religious force does not automatically validate the author's assertion that it "cannot convey intellectual concepts, or can do so only vicariously in collaboration with verbal language." However true this may be in primitive societies, it is not the case within the syntax of Baroque art.

During this period, music, like painting, contained a highly developed (by no means verbally evolved) set of allegorical concepts, which, however contrived, clearly enhanced its meaning for contemporary listeners. These concepts were so sharply defined in musical terms that they often provided composers with the basic intervallic or rhythmic materials of their work. For Bach, as for many Baroque artists and philosophers, this musical knowledge operated on an intuitive, but nevertheless intellectual level.

The bedrock of the book—analyses of Preludes and Fugues from The Well-Tempered Clavier, the St. John Passion and Mass in B Minor—is dangerously suspect. Indeed, too often nicely written descriptive prose ("semitonic suspensions coruscate until the treble enters") takes the place of an examination of the relationship between detail and mass, aims and realisations, material and technical means, which analysis properly is. And when describing harmony, Mellers does not, when he writes C major (for example), explain whether he means the chord of C major or the key of C major. These separate functions jostle each other, undifferentiated and ambiguous, on the same page, causing special havoc in the precis of *the recitatives and chorales* from the St. John Passion.

Occasionally, the context of very basic material is inaccurately defined. We're told that the subject of the D sharp minor fugue in Book One of The Well-Tempered Clavier is "diatonic, even modal." It cannot be both, yet its true nature is crucial to Mellers' conclusions about this chromatically charged masterpiece. An important twentieth-century principle, Mieles van der Rohe's dictum "God is in the detail," has been completley ignored.

On an interpretive level, Mellers makes little or no distinction between the grammatical necessities of baroque tonality and the compositional propositions that carry true rhetorical or metaphorical significance. The rising E flat major arpeggio that concludes the Sarabande of the Fourth Cello Suite contains a couple of leading notes which serve to illustrate a normal cadential conclusion. To the author, these notes are "our 'crucial' pain," the pain of Christ on the cross. This lack of perspective between significant and utilitarian aspects is dangerously fanciful, and poor anthropology to boot.

In later chapters, the author's mystical ululations subside and his stock of poetic conceits runs low. So the essay on the Goldberg Variations, with its attention to the structured ordering of sets of variations, is comparatively clear and enlightening. It is at least free of those obstacles that necessitate highly critical reading of this well intentioned book.

An appendix on Bach and Authenticity interestingly compares the phrasing and tempi of recorded performances based on baroque and modern instruments. It is characteristic of Mellers' approach that notwithstanding the title of his book, he prefers loftier readings on romantically-played instruments to reconstructive attempts to relate Bach's music to the dance tempi of his day.

These tempi figure prominently in the festive yet marvellously devotional six Motets. We know that most of these works were composed for *funeral* services, and their lightheartedness and virtuosity may seem superficial and inappropriate. So these works are good examples of music that does not truly "speak" unless interpreted with the full knowledge of Lutheran doxology and late Baroque rhetoric.

Two recent recordings both have claims to authenticity, using period instruments to double vocal parts and keeping the textures fast, clear and light. The Hannover Boys' *Choir has a fresh timbre that* blends ideally with silvery baroque strings. These young singers naturally pronounce their native tongue more incisively than the Stockholm Bach choir, so words are forward and intelligible in all but the busiest passages. Tempi are unfussy. If one heard these performers live, one would enjoy the results, but this spontaneity and lack of fuss brings with it suspect intonation and haphazard passage work in virtually every moment. Unless you like hearing boy's choirs singing flat, avoid this edition.

The Stockholm Bach Choir are directed by Nikolaus Harnoncourt, whose research into Bach's symbolic world is unrivalled among performing musicians. The experience Harnoncourt has accumulated in his traversal of the Cantatas (Volume 27 has just been issued by Telefunken) is reflected here in the natural flexibility and detail of the phrasing, the carefully thought out dynamics of the eight-part choruses. The adult choir is impeccably balanced, and though its sound hardly matches the instruments of Harnoncourt's Concentus Musicus, the gains in detail, tuning and overall control are considerable. This reading comes very close to matching the diction of Bach's music; though not ideal, it's highly recommended.

Book Review

The populist Bard

by B. A. YOUNG

Henry Irving, Shakespearean by Alan Hughes. Cambridge University Press, £18.50. 304 pages

Professor Hughes has built up a survey of Irving's Shakespeare productions from every conceivable source, written, illustrated or remembered, and it evokes the times vividly.

Illusion was Irving's aim. Scenery, often by eminent artists or architects, was to suggest as convincingly as possible, with archaeological accuracy when called for, the actual locations. Sometimes the principle faltered; in *Twelfth Night*, Orsino and Olivia were in Venice, Toby's midnight revels in a cosy English kitchen with a blazing fire. Only critics would object; to the audience, this was naturalism, and to Irving too. Naturalism was not squalid realism. In the theatre, truth must filter reality so that the improved quality should seem real.

In characters too the ideal was the aim. Irving made Hamlet as lovable and loving as the text would let him, his faults being the result of others' evil. He was the first dignified Shylock. When he alternated Othello and Iago with Edwin Booth, Othello was upright and honourable, and in Iago "real hatred was as foreign to his nature as real love."

His textual treatment had the same object. Immense cuts—1,643 lines out of 3,861 in *Hamlet*, 1,507 out of 3,275 in *King Lear*, almost half—were not only to shorten duration and to conceal bawdy, but to soften character. No question, for example, of the Fool telling Lear "Thou shouldst not have been old till though hadst been wise."

Irving's acting is wonderfully reconstructed through quotes from his study-books and prompt-books and a wealth of current and later criticism, and there are a great number of contemporary illustrations, drawings and posed photographs, which bring both the scenes and the players before us. Irving's acting had its eccentricities—"I'll mek a gost of him that lats me" is how Archer says he spoke that line, and he was said to walk like a fretful man trying to get very quickly over a ploughed field.

But personal eccentricities do not hamper genius. Gielgud walked badly when he was young. Scofield has curiosities of pronunciation. As long as they interpret the dramatist's conception rightly, all is well. Irving's Lyceum productions interpreted the dramatist in the manner best understood by his age. As a London paper said, "The elevation of public taste in theatrical matters during the past few years is mainly to be attributed to his efforts." Professor Hughes brings it all before us excitingly and usefully.

BASE LENDING RATES

A.B.N. Bank	12 %	■ Guinness Mahon	12 %
Allied Irish Bk.	12 %	■ Hambros Bank	12 %
American Express Bk.	12 %	■ Hill, Samuel	§12 %
Amro Bank	12 %	C. Hoare & Co.	†12 %
Henry Ansbacher	12 %	Hongkong & Shanghai	12 %
AP Bank Ltd.	12 %	Keyser Ullmann	12 %
■ Arbuthnot Latham	12 %	Knowsley & Co. Ltd.	14 %
Associates Cap. Corp.	14 %	Langris Trust Ltd.	12 %
Banco de Bilbao	12 %	Lloyds Bank	12 %
BCCI	12 %	Mallinhall Limited	12 %
Bank of Cyprus	12 %	Edward Manson & Co.	13 %
Bank of N.S.W.	12 %	Midland Bank	12 %
Banque Belge Ltd.	12 %	■ Samuel Montagu	12 %
Banque du Rhone et de la Tamise S.A.	12½ %	■ Morgan Grenfell	12 %
Barclays Bank	12 %	National Westminster	12 %
Beneficial Trust Ltd.	13 %	Norwich General Trust	12 %
Bremar Holdings Ltd.	13 %	P. S. Refson & Co.	12 %
Brit. Bank of Mid. East	12 %	Rossminster	12 %
■ Brown Shipley	13 %	Ryl. Bk. Canada (Ldn.)	12 %
Canada Perm't Trust	13 %	Slavenburg's Bank	12 %
Cayzer Ltd.	12 %	E. S. Schwab	13 %
Cedar Holdings	14 %	Standard Chartered	‖12 %
■ Charterhouse Japhet	12 %	Trade Dev. Bank	12 %
Choulartons	14 %	Trustee Savings Bank	12 %
C. E. Coates	12 %	TCB Ltd.	12 %
Consolidated Credits	14 %	United Bank of Kuwait	12 %
Co-operative Bank	*12 %	Whiteaway Laidlaw	12½ %
Corinthian Secs.	12 %	Williams & Glyn's	12 %
The Cyprus Popular Bk.	14 %	Wintrust Secs. Ltd.	12 %
Duncan Lawrie	12 %	Yorkshire Bank	12 %
Eagil Trust	12 %		
E. T. Trust Limited	14 %		
First Nat. Fin. Corp.	16½ %		
First Nat. Secs. Ltd.	16 %		
Robert Fraser	12 %		
Antony Gibbs	12 %		
Greyhound Guaranty	12 %		
Grindlays Bank	‡12 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1-month 9¼%. Short term £4,000/12 months 13.35% (no change).
† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 9¼%, and over £50,000 10¼%.
‡ Call deposits £1,000 and over 9%.
§ Demand deposits 9½%.
‖ 21-day deposits over £1,000 10½%.

Schubert Festival at the Wigmore Hall

The Melos Quartet of Stuttgart will give a Schubert festival at the Wigmore Hall on March 20, 21, 23 and 25. The quartet, which has won both the Grand Prix due Disque and the Prix Caecilia for their complete recording of the Schubert String Quartets, will play ten Schubert string quartets.

The ensemble will be joined by Peter Frankl and Rodney Slatford for the *Trout Quintet*, and by the German cellist Hans Häublein for the *String Quintet in C*.

Cast change in 'Educating Rita'

Shirin Taylor has taken over the title role in the RSC production of *Educating Rita* at the Piccadilly Theatre. Julie Walters, who has played the part of Rita for the past seven months and who won two awards for the role, has left to undertake television and film engagements.

Mark Kingston continues to play Frank in Willy Russell's play which was voted "Comedy of the Year 1980" by the Society of West End Theatre.

Gwen Watford, Donald Sinden and Dinah Sheridan

Vaudeville

Present Laughter

by MICHAEL COVENEY

It is a typically dirty trick of a critic to sit back and pick holes in a production that arrives in the West End after receiving unanimous plaudits six weeks previously in outer London. But while I acknowledge the efforts made by Alan Strachan to wrap his Greenwich version around the idiosyncratic *interpretation of Donald Sinden* as Garry Essendine, the Coward clone, I remain unmoved.

For a start, Mr. Sinden is 15 years too old for the part. This is cleverly acknowledged by one of many inappropriate interpolations towards the end. The marble mask is dropped as Garry admits his age to the loyal secretary. The absurd pecularities of the hero on learning of the hiring of an unsympathetic barn for his next *appearance in a French comedy* are topped by an incredulous explosion by Mr. Sinden, half rising from the floor, to the effect that surely they have not pulled down the Lyceum.

This kind of tinkering goes on throughout and while I am not over-anxious to enter a debate about the comparative merits of the folios, the damage done to the rhythm of the *comedy is insistent and irreparable*. Mr. Sinden's sacred monster I find as funny as a poke in the eye. The lines have their own speed and are in no need of the frantic injection of garbled panic they receive here.

The timing, too, is frequently wrong. Assailed on all sides by well-meaning parasites, ringing telephones and door bells, Garry declares that the latest caller is probably a mad cripple *from Stoke Poges who is "passionately in love with me."* You only hear the first half of that sentence as Mr. Sinden's hard-sell technique finds a houseful of guffawing bidders the minute he opens his mouth.

The uncompromising sound of a close-knit, incestuous clique closing ranks the moment it is threatened is left entirely to Mr. Sinden, for the surrounding cast, with the honourable exceptions of Polly Adams as the man-eating Joanna (the scene where Garry meets his match with her is exquisitely done) and Julian Fellowes as the sycophantic young playwright from Uckfield, is distinctly ordinary. Mr. Sinden's cue is taken from the confession that he is always acting, watching himself go by. What is missing—and Peter Rice's hectic design is no help—is the supple grace and relaxed assurance this brilliant text demands.

Albert Hall

Verdi Requiem

by RICHARD JOSEPH

Though Claudio Abbado has conducted the Verdi Requiem countless times with the La Scala Orchestra and Chorus, Tuesday's Albert Hall concert was his first performance of it with the LSO. His conception contains the drama of the piece within a tightly controlled lyrical line—even the *Dies Irae* moves in eight-bar phrases, instead of being hurled out slamissimo — and this continuity was not always successfully realised. Quieter sections fared better, so that the climax of the performance was the immaculately coloured, delicate *Agnus Dei*, presented as a timeless set of variations floating between the Requiem's more dramatic gestures.

A variable solo lineup did not aid continuity, either. The soprano part was written for Verdi's first Milan *Aida*; it requires an heroic voice, capable of being heard over the full orchestra and chorus, yet still able to float a pure, almost instrumental line. Nature did not supply Mirella Freni with such a voice, and her subsequent attempts to manufacture one have only been partially successful. This meant that some of the most intense, climactic moments of the *Lacrymosa* and *Libera me* were missing an essential component, though Freni did manage many delicate phrases elsewhere. Soprano Margaret Price stepped in to replace the advertised mezzo at very short notice. She coped extremely well with a tessitura that sits rather low on her voice, and her occasional high Gs and A flats, fine notes of great steadiness and power, indicated where Abbado should look for a soprano when he casts another performance of this work.

Rather like Freni, tenor José Carreras has recently been tackling a number of roles that are really too heavy for his instrument. He took a while to warm up, and he showed some signs of distress in the *Ingemisco* aria; as he sang a scale up to the high B flat, each of the successive notes got smaller and thinner in tone. After this, Carreras' performance improved considerably, and his mezza voce leading of the *Hostias* ensemble was memorable. The bass part was dependably taken by Nicolai Ghiaurov, not as firm of voice as in former times, but always professional and imaginative.

The LSO Chorus does not have the sharp separation of vocal colours that Abbado is used to from his Scala forces, but they sang with conviction and kept well in tune during unaccompanied sections. Like the orchestra, their presentation of the work can only grow more attuned to Abbado's aims. One awaits future Requiems from this fine conductor with impatience.

Wigmore Hall

Irina Arkhipova

by MAX LOPPERT

This is one of the few mezzo-soprano voices of front-rank stature to have emerged anywhere since the war—a voice of clarity, firm centre, and *wide range, coloured with a* peculiar dusky radiance, its use marked by the classic Russian sweep. While it's impossible not to regret that in Britain the chance of frequently hearing Mme Arkhipova in her prime, about 20 years ago, was not offered, she now comes to us with fair regularity as a recitalist, and that does something to soothe regret: for in such a concert as Tuesday's the voice and its style are shown to be still eminently worth experiencing. *(The New Grove Dictionary* gives her year of birth as 1925—in which case the preservation of a voice only lessened perhaps in sheer decibel power must be reckoned phenomenally successful.)

A programme beginning with warm-ups from Handel (a *Hercules* air, in German) and Haydn then devoted its first half to Brahms and Wolf. This scheme was only intermittently rewarded by the listener's full involvement. From the scanty evidence supplied by records and by the recitals given here by Russian singers (such as Elena Obraztsova, who sang *Frauenliebe und leben* in the same hall not so long ago), it seems that no secure tradition of Lieder singing exists in that country to inform current practice.

Arkhipova's Wolf was not so wholly unidiomatic as Obraztsova's Schumann had been; but it left the same strange feeling of generalisation, of large-scaled effects loosely and externally applied. In the Brahms "Mainacht" and the Wolf "Gebet" it was easy to enjoy the well-formed soft singing; but it was singing *per se*, unspecifically related to either composer. The accompanist was Craig Sheppard, who might have been expected to counteract such an impression with firmly stated support. Instead, he abetted it: Mr. Sheppard was soft-focused (and often he over-pedalled) in the oddest way.

After this, the effect of the all-Russian second half was like bursting into a world of colour after being held temporary captive in black and white—releasing, and exhilarating. Three Prokofiev songs showed that the singer's interpretative instincts can be keenly alert, and that they offer a line in nice understatement; the tragedy of the *Alexander Nevsky* lament was free of ham, the farce of "The Chatterbox" never pressed too hard. Seven Rachmaninov songs at last unleashed the power of the voice only passingly intimated earlier, and here Mr. Sheppard's support was sharply pointful as well as reliable. And in the second encore, "Voi lo sapete," given with a stern, tragic intensity miles removed from the effusive style commonly deemed apt for verismo. Mme. Arkhipova sounded through the hall with the full splendour of her best years. She is still an artist of major stature, and we must hope that the programme of her next recital will cleave more consistently to her special qualities.

Festival Hall

Philharmonia by PAUL DRIVER

Elgar told Neville Cardus that all he asked of his performers was that they should make his music sound "stylish, well-written and colourful," that he did not compose "in sackcloth." He would certainly have welcomed the attentions of a cosmopolitan figure and meticulous stylist like Lorin Maazel, who on Tuesday night drew wonderfully clean and sensitive playing from the Philharmonia in the Introduction and Allegro for strings and the Cello concerto.

Whether he would have welcomed Maazel's insistently steady tempos in the former is more debatable. Elgar's music is self-evidently music of rubato: his own conducting beat was said to be highly nervous, always fluctuating. Maazel's on the other hand is what one might have expected Elgar's to look like: imperious, determined, final. Certainly the Allegro revealed new facets, new resonances at his gentle canter; precision was maximal. But the effect was as of a demonstration; the performance sagged emotionally.

This criticism applied less to the concerto, though its ruminativeness was construed rather in terms of tonal gradation than hesitant movement. Lynn Harrell was a soloist of quiet 'ut passionate temper. He dominated unobtrusively, as this work demands—decisive and enthralling in the cadenza passages that make up the primary discourse; at other times rising out of the orchestral texture to blossom softly and unforgettably. There was much leanness and rigour in his interpretation (technically infallible) which accorded well with Maazel's disposition; and yet the Adagio was as warm and tearful as could be.

In the second half Maazel applied himself to another English classic, the Fifth symphony of Vaughan Williams, not so frequently given nowadays. Firm control here yielded excellent results: the "preludial" first movement expanded to its full sonata size in the smoothest, most sonorous unfoldings.

Sadler's Wells

Dancing Day

by CLEMENT CRISP

The newest programme in the Ballet Rambert season begins with a work made by Christopher Bruce for the students of the Rambert Academy, and danced by them. The music is Gustav Holst's four songs for voice and violin, plus two choral songs; the dance manner is simple, restrained, reflecting the religious imagery of the score, and excellently judged for these apprentice dancers.

The performances are no less well judged. The six young artists are attractive and, clearly, well trained. They respond to the challenge of working with an able choreographer in dancing that has the freshness, that rare and all-too-quickly lost innocence of movement, which is the especial charm of untried performers. They are a credit to their school and to the Rambert name.

The rest of the bill was professionally Rambertian. *Paper Sunday*, Sally Owen's capriccio about marital non-communication, upon which I reported from a Guildhall School experimental evening, is now in the repertory. It is marginally too long, but sustained by Norio Yoshida as the uncomprehending husband, and by Lucy Burge as the incarnation of fed-upness who cunningly surmounts the piece's Kabuki conventions by dallying with the *kurogo*, the "invisible" stage attendant. A joke well told.

Dark Elegies continues to look better than it has for many seasons. There may be a slight unevenness between casts—Lucy Burge and Yair Vardi I thought very fine in the second song on Tuesday—but the level of seriousness, the consistency of the interpretations in communal grief, are undeniably right. More sharpness in anguish is needed, but the dignity and penetrating truth of the work are everywhere apparent.

Richard Alston's new *Rite of Spring* wears well in its economy and acutely judged scale of dynamics. There are untapped reserves of energy in the music—I wish that the Chosen One started to dance earlier—yet the culminating effect is mysterious, satisfying. It is a version that reconciles Alston's own fine-drawn style and Stravinsky's hard-driving power without awkwardness.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100), retail sales value (1976=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1979							
3rd qtr.	112.7	103.2	101	106.6	149.6	1,269	247
4th qtr.	112.6	104.2	101	109.1	185.9	1,286	230
1980							
1st qtr.	110.0	100.1	100	110.2	158.6	1,379	193
2nd qtr.	106.6	96.8	97	109.2	164.3	1,492	160
3rd qtr.	102.9	93.3	84	108.9	170.3	1,695	120
4th qtr.	100.2	89.1		109.0	205.2	2,018	100
May	106.5	96.5	93	108.4	161.3	1,484	163
June	106.6	96.3	107	109.5	167.1	1,535	147
July	105.1	95.2	87	108.5	172.8	1,606	126
Aug.	102.5	93.0	92	109.6	157.6	1,696	120
Sept.	101.2	91.5	74	108.5	170.4	1,784	113
Oct.	100.6	90.1	76	109.7	179.1	1,893	100
Nov.	100.5	89.3	86	109.2	192.8	2,028	97
Dec.	99.6	88.0		108.4	236.0	2,133	102
1981							
Jan.	98.3	87.5		114.0	177.6	2,235	103
Feb.				112.0		2,313	96

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1979							
3rd qtr.	105.6	96.4	132.5	95.0	105.1	100.2	21.0
4th qtr.	105.4	101.1	129.6	99.2	103.4	96.4	19.7
1980							
1st qtr.	104.6	100.9	123.5	98.8	56.4	92.2	13.3
2nd qtr.	98.2	96.2	123.1	93.2	93.7	85.6	15.3
3rd qtr.	97.0	95.0	117.1	91.3	77.9	82.8	12.5
4th qtr.	93.7	90.3	116.2	85.5	70.1	76.1	10.1
April	99.0	97.0	122.0	94.0	89.0	88.0	15.0
May	97.0	96.0	124.0	93.0	99.0	84.0	16.7
June	98.0	95.0	124.0	93.0	94.0	85.0	16.4
July	99.0	96.0	121.0	93.0	81.0	85.0	13.6
Aug.	97.0	95.0	116.0	91.0	80.0	85.0	10.8
Sept.	95.0	94.0	114.0	90.0	73.0	79.0	13.0
Oct.	95.0	92.0	115.0	87.0	67.0	76.0	11.8
Nov.	94.0	90.0	117.0	85.0	74.0	78.0	11.1
Dec.	93.0	89.0	116.0	84.0	69.0	75.0	7.2
1981							
Jan.	93.0	87.0	114.0	83.0	72.0	75.0	9.8

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1979							
3rd qtr.	129.9	132.5	−762	−210	−172	106.5	23.18
4th qtr.	129.8	132.6	−775	−579	−152	103.5	22.54
1980							
1st qtr.	133.0	126.9	−388	+ 54	− 95	101.0	24.87
2nd qtr.	126.2	126.2	−320	− 88	− 11	103.4	28.15
3rd qtr.	125.1	118.7	+616	+870	−157	105.5	28.08
4th qtr.	126.5	111.8	+1,269	+1,885	+222	105.6	27.90
May	129.8	120.8	− 1	+ 77	− 25	102.0	28.28
June	128.9	124.2	+ 15	+ 81	− 23	103.8	28.17
July	128.6	117.1	+303	+403	+ 98	104.3	28.27
Aug.	123.8	120.5	− 29	+ 72	+ 23	106.0	28.29
Sept.	121.9	114.8	+344	+429	+ 39	105.3	27.64
Oct.	124.5	106.3	+506	+711	+133	105.2	28.03
Nov.	129.4	114.6	+410	+615	+ 54	105.6	28.19
Dec.	125.7	114.5	+353	+559	+ 35	105.1	27.48
1981							
Jan.	123.9	101.3	+742	+1,042	+210	106.4	28.39
Feb.	121.7	114.3	+314	+614	+231	105.1	28.43

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1979							
3rd qtr.	12.0	11.2	13.2	+3,642	933	1,875	14
4th qtr.	14.4	15.6	22.6	+2,977	839	1,959	14
1980							
1st qtr.	− 4.0	7.2	21.9	+1,725	634	2,049	17
2nd qtr.	− 1.5	10.7	23.3	+3,219	697	1,964	17
3rd qtr.	14.4	39.1	45.2	+6,511	1,090	1,933	16
4th qtr.	8.4	21.0	11.2	+3,505	1,253	1,790	15
May	4.0	12.6	21.8	+1,149	225	607	17
June	− 4.9	13.7	28.8	+1,369	206	675	17
July	11.7	36.5	50.8	+3,469	340	663	16
Aug.	11.2	40.8	46.4	+2,039	307	613	16
Sept.	20.5	39.3	38.7	+1,003	443	657	16
Oct.	5.5	23.3	19.3	+1,186	520	629	16
Nov.	7.7	19.1	7.7	+1,450	285	558	14
Dec.	10.6	19.2	7.0	+ 869	448	603	14
1981							
Jan.	9.8	13.4	10.1	+ 634	446	627	14
Feb.					366		14

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1979							
3rd qtr.	154.2	169.9	176.4	231.1	231.9	301.66	91.3
4th qtr.	161.7	183.9	181.8	237.6	237.2	295.13	88.5
1980							
1st qtr.	167.7	197.2	191.4	248.8	247.5	284.47	93.0
2nd qtr.	178.9	201.3	199.0	263.2	255.9	267.45	94.5
3rd qtr.	188.4	201.9	203.6	268.9	259.3	275.13	96.7
4th qtr.	193.3	203.3	206.1	273.9	260.7	269.25	100.2
May	178.1	200.4	199.0	263.2	255.7	268.23	94.7
June	183.7	201.1	201.0	265.7	275.9	267.45	94.5
July	185.1	201.7	202.7	267.9	259.9	273.57	95.6
Aug.	186.5	201.8	203.5	268.5	259.0	275.38	96.8
Sept.	193.6	202.1	204.6	270.2	259.0	276.44	97.6
Oct.	189.9	201.4	205.3	271.9	259.3	274.65	99.2
Nov.	192.6	203.4	206.2	274.1	260.0	270.56	101.1
Dec.	197.3	205.1	206.8	275.6	262.7	262.53	100.2
1981							
Jan.	193.6	209.6	209.8	277.3	266.7	251.88	102.0
Feb.		213.1	211.8			259.93	

* Not seasonally adjusted.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Thursday March 19 1981

Still room for a fish deal

IT IS a sad comment on the recent lack of progress towards an EEC Fisheries Policy that the member states are now locked in argument, not about the Policy itself, but whether an EEC-Canada fishing agreement is possible in the absence of one. It is over this issue that the West Germans are threatening to vent their wrath at next Monday's European summit and to question last year's renegotiation of Britain's contribution to the Community budget.

The West German deep-sea fishing fleet is hard hit by lack of agreement with Canada. Such an agreement would trade EEC access to Canadian waters for enhanced Canadian rights to sell fish on the European market. The UK has so far resisted such an agreement in the absence of a fisheries policy. It has been using the matter as a bargaining tool to apply pressure for an overall policy acceptable to Britain and it wants to protect the UK market from an influx of Canadian cod.

Protection

Even if the UK decides to drop the issue as a bargaining counter, it is going to prove hard to satisfy in the matter of market protection. Among other things Britain is pushing for a 25 per cent rise in the EEC guide prices for five species of fish, including cod, in order that prices, after conversion into sterling at the "green" rate, are adequate in the eyes of British fishermen. Other European countries are, understandably, resisting this substantial adjustment.

In any case, it is probably wrong to buy peace at the Maastricht summit in this way. The momentum towards the much-needed EEC fisheries policy has slackened worryingly since the start of the year, and the pressure for one needs to be kept up.

The momentum has failed for a variety of reasons. The deadline for agrement of December, 1980, has now passed, and with it an incentive for compromise on all sides. The French presidential election is looming nearer, encouraging the French negotiators to stall. Finally, the death of Mr. Finn Gundelach, the EEC agriculture commissioner, has led to a perceptible change in the deftness of the European commission in mediating between the opposing parties.

Historic

The latest proposals submitted by the Commission two weeks ago are ill-designed to tempt the British towards further compromise. On the question of French fishermen's "historic right of access" to British coastal waters — really the nub of the remaining argument over the fisheries policy—the Commission has redefined historic to mean the practice up to 1982. The British define it as the practice before British accession in 1972 — since when French activity has risen substantially.

The Commission's proposals also give the impression that the hard-won agreement in principle over each EEC member's fishing quota has only temporary validity. They also provide for only lax control of other members' access to the preferential fishing areas which the UK is demanding off Northern Scotland.

There is thus a widening rift between what France and the Commission are prepared to offer and what Mr. Peter Walker, the UK Agriculture and Fisheries Minister, is willing, or even politically able, to accept. It bodes ill for any British spirit of compromise which may remain.

Conservation

Yet a fishing policy is badly needed to provide effective conservation of the dwindling stock of European fish. And mixture of pressure and compromise on both sides is going to be required to get one. If the British have room to manoeuvre it is probably in the timespan for which the terms of any settlement must apply. So long as British fishermen are assured of adequate business for a further lengthy period of time the original ideal of "shore-to-shore" fishing in European waters need not be ruled out in perpetuity.

Japan follows a bad example

WHEN THE rest of the world has pneumonia, Japan does at least sneeze. A moderate reflationary package has just been announced in Tokyo, and Japanese exporters of industrial plant are to be given a measure of help. The latter measure will not please hard-pressed competitors in the rest of the industrialised world.

Since plans for investment by Japanese industry have been holding up well, the reflationary programme is intended to encourage a revival of consumer spending after a sluggish phase in 1980. During that year GNP did grow by about 5 per cent, but largely because of rising exports and diminishing imports. The domestic sector was close to stagnation.

Capital movements

On Tuesday the Bank of Japan cut its discount rate by one percentage point, the third reduction since August. These cuts have not reduced the strength of the yen. Given the increasing liberalisation of capital movements in and out of Japan and the current account deficit of $11bn in 1980, that may at first sight seem strange. But the profitability of its industry has made Japan a recipient of heavy portfolio investment from abroad, thereby balancing the books.

Moreover, the current account deficit was largely concentrated in the first half of 1980, though it has not yet been wiped out. Seasonally adjusted it amounted to about $500m in the first two months of this year. The main reasons for it are Japan's great dependence upon imported oil and its habitual deficit on services. Merchandise trade by itself produced a surplus of $2bn last year—a figure more in keeping with the generally held view of Japanese prowess.

The concession made to exporters of industrial plant develops the practice of extending the concessionary element in so-called mixed credits composed of ordinary commercial finance and subsidised loans from official sources. The ceiling on the latter element is to be raised above a quarter of any loan package for capital projects.

This is a line of business where other industrialised states have stood up well to the Jaapnese challenge. The concession announced in Tokyo reflects the difficult conditions prevailing in this corner of export markets: China has cut its programme of industrialisation; Iran has all but vanished as a customer; Comecon is economising: and much of the Third World is close to insolvency.

Seen through Japanese eyes, both reflation and help to their exporters of plant appear as measures calculated to reduce some of the direct pressure upon their competitors in Europe and North America. Reflation will divert resources away from exports — an argument that has validity, but would be even more convincing if Japan were an easier market for imports to penetrate as the domestic economy gathers pace.

In the case of industrial plant the direct impact admittedly will not be upon markets in Western Europe and North America. Nevertheless the Japanese measure is sure to raise hackles because it will further sharpen competition in other markets. The Japanese argue that they are merely following where others have led, principally the French.

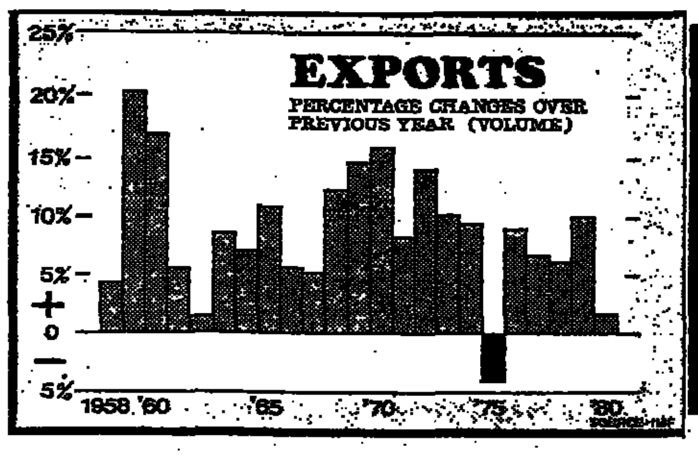
We have often criticised this widespread form of competition by subsidised credit. Japan is to be blamed for following a bad example, especially given the robust health of its exports overall. The Japanese step will not help those in the European Community and the U.S. who are resisting barriers against the import of Japanese products.

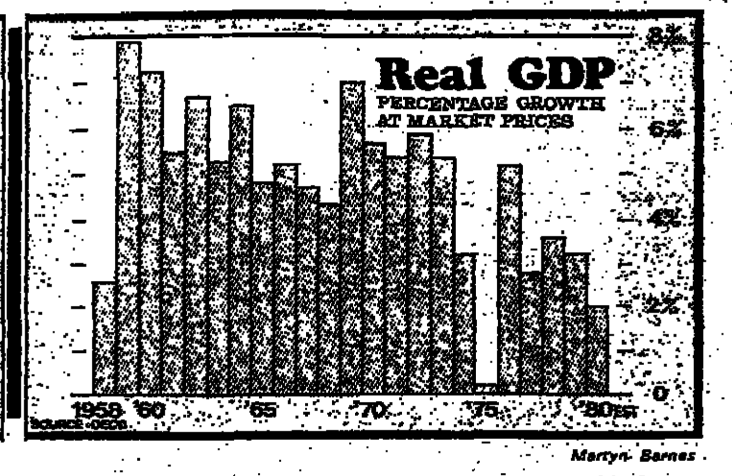
Enormous reserves

There is another side to the coin. Events in Japan serve as a reminder that even the strongest economies have chinks in their armour—and that these chinks can widen. Several industries which helped to catapult Japan to its present position, especially shipbuilding, have lost much of their dynamism. Even the motor industry could be near its peak: in part that is borne out by its recent inclination to set up manufacturing facilities abroad.

All this suggests that the Japanese economy may be maturing. It will increasingly face the problems haunting old established economies. But Japan does have enormous reserves, both in its relatively underdeveloped home market and in its remarkable ability to shift resources into fast-growing industries. Japan's competitors have little to laugh about.

FRENCH INDUSTRIAL DEVELOPMENT





Martyn Barnes

The State as tutor, patron and main risk taker

By Terry Dodsworth in Paris

"ANGLO-SAXON nations," says a French official, explaining his country's industrial policy, "have a great fear of making arbitrary decisions. We have no such qualms. We are industrial Papists."

This approach to industrial decisions, the idea that the State has a right and a duty to intervene, owes a great deal to the centralised system of French Government rooted deep in the country's past.

Throughout the whole period of France's industrial development the State has been the great patron of industry and therefore the main risk taker. Industry has grown both to expect the Government to give a lead and to define the national objectives within which it operates.

There have been long periods in which this autocratic structure has not worked particularly well. But in the last 20 years, just as in the days of the Second Empire about 100 years ago, it has produced some particularly glittering successes.

In the 1960s, France had the second fastest growth rate (6 per cent a year on average) in the Western world after Japan. During the next decade it pushed up into the third position among the world's principal exporters, and more than maintained net earnings while everyone else was cutting living standards.

The policy makers suffered some disasters, most spectacularly the Concorde, gas-graphite nuclear reactors and the steel industry. But this period also saw France create a series of powerful exporting industries — military aircraft, motor cars (particularly Renault, the state owned group), advanced electrical systems, telecommunications and, after a struggle, nuclear power stations.

In some of these sectors interventionist policies have probably had little impact. In the motor industry, for example, which last year ran up a favourable trading balance of FFr 26bn (about £2.4bn) both Peugeot and Michelin have done very well without State help: indeed, the provincial suspicion of "Parisian" policies used to be so strong in these companies that they might almost be said to have succeeded in spite of the Government.

Similarly, companies like L'Air Liquide, the industrial gas company, or Moulinex, the kitchen equipment manufacturer, have grown into international businesses without any evident State support.

Nevertheless, the State has had a dominant role in several large-scale projects where it could play a clear-cut tutor's role. These industries have benefited from the political stability and co-ordinated decision making which have been a central element in France's development during the 23 years since General de Gaulle became President.

On balance, the country has been much more successful at marshalling its forces for big, long-term efforts involving heavy investment and concerted action than in fostering small scale industries aiming at specialised sectors. France has failed lamentably, for example, with its machine tool industry.

This bias is explained by a number of factors. The first is the impulse given to French planning by General de Gaulle's taste for spectacular gestures demonstrating France's independence.

In the post-war period preceding de Gaulle's re-emergence in 1958, the French National Plan had aimed at concentrating the country's limited financial resources on the base industries such as steel, electricity, coal and cement. This laid the foundation for the country's adherence to the Common Market, but it was in the 1960s that these planning methods of choosing high priority sectors began to pay dividends.

France's military programme has become a mainstay of the country's export business. It is part of a series of powerful export industries produced in a 20-year period of development when the State has been prepared to pick a promising group and support it towards international success.

Ashley Ashwood

A Dassault-built Mirage combat aircraft with an array of Matra weaponry

The Gaullist policy was particularly effective in the military sphere, laying the foundations for the international success of companies like Dassault (aircraft), Matra (missiles) and Thomson (electronics, radar systems and so on). All of these companies illustrate the way in which the French administration is prepared to pick a promising group and then support it with a panoply of State aids and official orders in its growth to international dimensions.

France's military programme has since become one of the mainstays of the country's export business. At Dassault, for example, exports account for 75 per cent of sales. In the electronics industry, military-related equipment contributed just over 60 per cent of the country's FFr 8.5bn ($1.7bn) exports last year. Matra is also a big exporter of its missiles, fitted to virtually every Dassault aircraft sold overseas: it is estimated that about 40 per cent of the company's sales come from this sector.

Secondly, the educational system on which the French administration is based leads to a bias towards concentrating efforts on a few central organisations. The system is based on the method of training top officials in France, an unashamedly meritocratic process which creams off promising candidates and puts them through elite graduate schools — the Grandes Ecoles — with the express purpose of training them to run the Government machine and the great State enterprises.

The personal links, the style of thinking and the in-built acceptance of the corporate State developed by this educational process lead to a kind of invisible planning at the highest level — what a French academic, M. Christian Stoffaes, calls "informal mutual persuasion." According to a recent study, 30 of the chairmen of France's top 39 industrial groups came from the Grandes Ecoles, and many of them have probably worked in the bureaucracy at one time or another.

While this system does not work very well for smaller companies excluded from the magic circle of decision makers, it is well adapted to giving a push to big national projects.

Third, French State patronage of industry is based on a system of distributing aids which invariably favours big and clearly identifiable organisations. In the past—although this is changing — there has been little emphasis in France on encouraging the industrial base to grow of its own accord. But when a company or a sector has been chosen for development, it can expect to get aid on a variety of fronts.

This aid is channelled directly from the administration. It includes:

● Priority in investment decisions. One outstanding example of this is aerospace, supported not only for military purposes, but also for a number of civil projects culminating in the Airbus.

● Protection from foreign competitors where necessary. State ordering programmes are one method of sheltering industries which the Government wants to develop: Cii-Honeywell Bull, the computer group, for example, has special access to Government orders.

But there are also more direct methods, such as the blocking of foreign takeover bids or a clampdown on imports. While these are not always very effective, there is no doubt that its blocking efforts have helped to create a more rationalised vehicle components industry; and the vehicle manufacturers are currently being protected from Japanese imports by an arbitrary 3 per cent market limit placed on Japanese sales.

● Subsidies. The big development schemes of the 1960s were invariably heavily subsidised, although by such a variety of methods that experts who have looked at the question have not been able to determine by how much. Direct grants and cheap loans from the Government development agency are only the tip of the iceberg. Less visible support comes from contracts for research programmes, the persuasion of big companies to buy French, and a panoply of reduced interest rate loan schemes.

This system of reduced rates, estimated in a recent Bank of France study to account for almost half the loan given in France, is mainly administered through semi-banking State agencies charged with giving support for specific projects—certain types of investment, energy-saving equipment, agricultural development, and job creation schemes.

Some loans are given only at a point or so below the prevailing market rate; others, for example in agriculture, on a much more privileged basis. But globally they account for an enormous amount of interference in the economy.

● Research programmes. Although an official report has suggested that the French State spends only half as much on research aid as West Germany, most of the big State sectors have their own specialised institutions. In the oil industry, for example, the Government set up the IFP research organisation about 30 years ago to look into ways of developing a French petrochemicals plant construction industry. The Technip company, which has now moved successfully into export markets, was one of the spin-offs from this programme.

These arbitrary methods have failed mainly when the French overestimated their abilities. Both the original nuclear power and computer programmes went badly wrong and were only rescued by importing the American technology they were supposed to replace—Westinghouse's in the first place, and Honeywell's in the second.

But the method of imposed rather than natural selection has clearly proved its worth in a period when the growth of the French economy has depended more on sound and determined management of projects than the skill in selecting them. There was little magic in the French methods of picking winners in the 1960s: all the big successes were chosen because of national interest (armaments, nuclear power), or because of obvious international market opportunities (cars, telecommunications).

By contrast, France virtually missed the micro-processing revolution. The shock waves caused by this failure to keep up with the Californian and Japanese electrical engineers have led French planners back to the drawing board. They came to the conclusion that French promotional methods for the new industries of the future would have to be more subtle.

"A lot of France's winners in the past have been created by Government buying programmes," says a planner. "With the new technology industries, there will be no such easy markets. Clients for robots or information technology will not just be the administration, but hundreds of small companies."

To meet this challenge, the Government has come up with a scheme to promote seven advance technology industries — robotics, office information systems, off-shore technology, the bio-industries, electronics, energy-saving equipment, and textile innovations — through the means of development contracts.

Companies with a project in these sectors bring them to an inter-ministerial committee, CODIS, for selection. Certain growth targets are set, in return for which CODIS then channels different forms of Government aid into the programmes. The aim is to avoid imposing decisions or setting up largely Government-sponsored companies such as the original Cii.

What remains typically French about this scheme, however, is the grip which the administration will maintain over the development of these industries.

It is the Government which has chosen the development sectors. The Government will also base its support decisions partly on its own research studies in the different market sectors. And no one knows how much CODIS will disburse for each scheme — a neat way of keeping clients in check.

The approach is certainly more subtle than in the 1960s, but it leaves the methods of the corporate state firmly intact.

MEN AND MATTERS

A new station in life

Theory has translated satisfying well into practice for a group of redundant Shotton steelworkers who decided to improve their career prospects by studying at the North East Wales Institute. With the help of marketing and economics lecturer Harold Martin and the chairmanship of Liberal peer Lord Evans of Claughton, the seven formed a consortium which yesterday proved sucessful in its bid for the latest independent local radio franchise, covering the Wrexham and Deeside area.

Marcher Sound / Sain-Y-Gororau, as the group is bilingually known, faced two rival bids. It sensed that, at times, it was looked upon as something of a poor relation. But, said a happy Martin yesterday, with valuable guidance from the Midland Bank and "a hell of a lot of hard work," the group presented to the IBA a proposal explaining in convincing detail how it expects to turn in a £124,000 profit by year three while providing "lively, stimulating, and provocative" programmes.

The group of steelworkers put up £35,000 from their severance payments, supplementing £500,000 promised from other sources. A special class of preference shares is being created specially for ex-Shotton workers, which will carry the right to nominate one-third of the radio station's board.

Marcher promises particular attention to Welsh language programmes—no less than 15 per cent of output, with simultaneous split transmission for those not gifted in that lovely tongue. All being well, broadcasting will begin next year.

Dublin up

It may not be quite a plot, but it is certainly an unfortunate coincidence. One of the major social events of the last Parliamentary and diplomatic Christmas season was the Irish Embassy party. MPs duly prepared themselves for a pleasant encounter with Messrs. Jamesons and other givers of good cheer—only to discover that a major Northern Ireland debate was scheduled for that evening, with all hands on deck and no sneaking off.

How better to make up for lost time by presenting one's self at the St Patrick's Day party, held last night? Were it not, that is, for the pressing need to participate in debates on Northern Irish economic problems and the Prevention of Terrorism Act, a rival attraction kindly furnished by the Government's business managers.

Slick operator

A gentleman by the name of John Lloyd-Price is in the City this week, looking for someone who wants to make a million dollars. But before you rush to the telephone asking eagerly after him, I should point out that there are a few, well, qualifications.

Lloyd-Price, British by birth, hails these days from Calgary, Alberta. He left Wiltshire nineteen years ago to seek his fortune in Canadian oil and gas. Now he is back, seeking other people's fortunes to direct towards much the same end.

Lloyd-Price gives predictably short shrift to what he calls "blind exploration pulls"—a Wiltshire term, perhaps—made to investors by some of the less bankable energy outfits.

His own two-man business, which specialises in exploration finance, has already raised C$100m in the last two years, he says, including C$30m in London for the December launch of British Canadian Resources.

Lloyd-Price has spent the last three days meeting with City fund managers, and reckons to have lined up the $10m he needs to start a new exploration company making "plays" in north-eastern Oklahoma. So far so good, apart from one little hitch.

The man lined up to head the new venture decided to fly the coop the day before Lloyd-Price departed for London.

There is, therefore, a rather large pair of shoes to be filled, by a chap with bags of oil industry experience, yet manifesting also the skills of a master diplomatist when it comes to dealing with those pernickety creatures, the institutional investors.

This paragon of the rough and the smooth will, promises Lloyd-Price, be a millionaire within two years. The catch? Well, you do have to live in north-eastern Oklahoma for two years, which is, I think you will agree, a little daunting. Better perhaps than the north slopes of Alaska, but decidedly not so nice as Knightsbridge. A freebooting breed, these oilmen.

Written off

The ten-years-gone Industrial Reorganisation Corporation became once more the subject of scrutiny last night as the subject of a seminar held at the London School of Economics. But when, I wonder, will the climate of interest in the activities of IRC be sufficient to drag into daylight the history written by Douglas Hague and Geoffrey Wilkinson; languishing even now in the Department of Industry?

The story of IRC has not proved an easy one to tell. Work began on it in 1970, just before the corporation was struck down by Selsdon man: the original author withdrew in 1973; new hands took over to finish a version which, in 1977, was struck down by the Ombudsman on the grounds that it breached commercial confidence.

The tome prepared by erstwhile Prime Ministerial adviser Hague and BSC manager Wilkinson has rested with the DoI for over a year now. Former IRC insiders reject the suggestion that this Government might not like to hear told too loudly tales of successful state intervention in industry. The problem is still, I understand, the question of whether confidence will be breached—though, I am told, the book contains very little that is not already public.

Taken away

"We have no intention of abandoning Trumps," said Bejam joint managing director Bill Perry about his group's fast-food subsidiary in December. He was not, unfortunately, available to effect a rapid consumption of his words yesterday, owing to a few days' leave.

"There just aren't the tourists about in the West End, and people are spending less," explains Bejam executive chairman John Apthorp. So out to Grand Met go the two-year-old Trumps hamburger restaurants, with the four Hungry Fisherman outlets, designed to take the fish shop into the age of the silicon chip, to follow soon.

All clear

"Even if a trough is confirmed, this will of course give no guide to the strength of the subsequent recovery. And readers are reminded that the indicator system is concerned with peaks and troughs in the cyclic fluctuation of activity about a long-term trend, rather than with peaks and troughs in the absolute level of activity. The timing of the two can be slightly different." From "Cyclical Indicators for the UK Economy," CSO, March 18.

Butting in

"I wouldn't say I was poor in those days, old boy—but once when I reached for a cigarette, somebody trod on my hand."

Observer

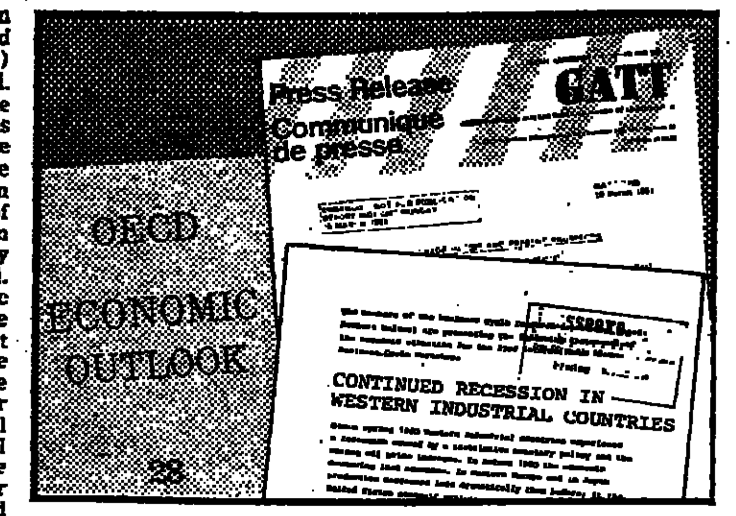
هكذا من الأصل

ECONOMIC VIEWPOINT

World report: recovery will be delayed

THE MOST important figure in the Financial Statement and Budget Report ("Red Book") has been the least discussed. This is the estimate that the dollar price of crude oil has risen by 150 per cent in the last few years. In percentage terms that might be less than the first oil price explosion of 1973-74, but the earlier explosion started from the now incredibly low base of $2 to $3 a barrel.

In terms of their economic impact, the two oil price explosions have been of about the same size. In each case there has been a real income transfer, amounting to 2 per cent of the combined national product of the 24 industrial countries which make up the Paris-based Organisation for Economic Co-operation and Development (OECD).



Until recently, it looked as if the world would weather the second oil price explosion better than it did the first. Following the Yom Kippur War, the growth of output in the OECD countries, taken together, ground to a halt for two years, 1974 and 1975.

This time, monetary and fiscal policies have been more restrained.

The basic difference between the two episodes is that, during the first price explosion, there was a great divergence of domestic policies among the industrial countries. The U.S. and West Germany put most emphasis on preventing the oil price rise from triggering off new and lasting inflation, while the UK and other Continental countries "accommodated" the price increase in the hope of bolstering domestic activity. On the present occasion, nearly every major country has given priority to containing inflation and there is very little willingness to "accommodate."

This tougher stance on inflation now looks as if it will—contrary to earlier hopes—be accompanied by an output performance not very different from that which followed the first oil price explosion.

Last December the OECD forecast that output in member countries—weighted by their importance—would show small but definite increases of around 1 per cent in both 1980 and 1981, before creeping up to 3 per cent around the turn of 1981-82. The changed outlook in both Germany and the U.S. now makes these original forecasts look optimistic. The Kiel Institute for World Economics has forecast that output in the OECD will fall—not rise—by 1 per cent in 1981 and the volume of world trade will shrink by 2 per cent.

In the U.S., it is unlikely that the Fed—on whom the whole weight of anti-inflationary policy now rests—will be able to make inroads into inflation without another lapse into recession. In Germany itself, output is expected to fall by 2 per cent, considerably more than earlier OECD forecasts, largely because of tight fiscal and monetary policies aiming to "save the D-mark."

Both the oil price explosions of the last decade have presented the world's economic managers with peculiarly intractable problems. On each occasion there has been a large transfer of resources to a group of countries, many of them thinly-populated and underdeveloped, with a very low propensity to consume. Thus the world has been presented, for the first time in the post-war period, with two genuine Keynesian recessions reflecting an excess of savings over investment at trend levels of output and employment.

The estimated OPEC current account surplus of $115bn for 1980 very much understates the true scale of the problem. For if there had been no recession, not merely would oil imports by consumer countries have been higher, but oil prices too would have shot up further.

CURRENT ACCOUNT BALANCES BY REGIONS, 1973-1980*
($ bn)

	1973	1974	1975	1976	1977	1978	1979	1980
INDUSTRIAL COUNTRIES								
Current account	10	−20	2	−16	−23	15	−36	−80
Current account excluding official transfers	18	−10	14	−4	−9	29	−15	−50
OIL-EXPORTING DEVELOPING COUNTRIES								
Current account	8	60	27	37	29	5	68	115
Current account excluding official transfers	10	63	30	40	32	7	71	120
OTHER DEVELOPING COUNTRIES								
Current account	−8	−26	−30	−18	−13	−23	−36	−50
Current account excluding official transfers	−12	−32	−37	−25	−20	−31	−46	−70

* Data for 1980 are secretariat estimates.

Sources: OECD, Economic Outlook

The big difference between now and the 1930s is that the Great Depression then was accompanied by falling prices. Present-day oil-induced recessions, on the other hand, bring with them higher prices, together with slack real demand, in a combined lethal package. There is the impact effect of higher energy prices themselves in a world where other prices and wages do not immediately adjust downwards in compensation. More important, there is the danger of an otherwise temporary rise in the inflation rate becoming embedded in people's expectations, through accommodating monetary and fiscal policies.

This is not a world where spending one's way out of difficulties makes much sense—and this conclusion does not depend on comparing the OECD to an extended (and very bickering) family, nor on any puritan abhorrence of budget deficits. It is simply that spending boosts, outside certain limited guidelines, would not work in current circumstances.

As so often, the inflation problem is a disguise for a giant, underlying, real problem. Imagine for a second that the world's leaders did not worry about inflation and had decided at last year's summit in Venice to try to take up a modest portion of the apparent slack that had accumulated in the world economy since 1973 and also to pump in enough purchasing power to prevent any output dip now. The result would be a combination of higher oil imports by OECD countries and much higher oil prices (perhaps $100 a barrel). On quite modest assumptions this would take the OPEC surplus towards one trillion dollars a year.

It is inconceivable that the oil producers would agree to pile up paper debts at this rate. They would believe, quite rightly, that such debts might never be honoured. Either the default would take the form of inflation and massively negative real interest rates on their balances or it would be more blatant.

For many years the main constraint on output in the developed world was in the labour market. Attempts to expand output at beyond a certain trend rate led to bottlenecks and accelerated inflation. Today the constraint is probably in the energy market. Traditional OPEC oil producers respond slowly to higher prices. It takes very large price increases indeed to induce oil out of the ground and onto the market when demand in the industrial countries is rising. OPEC may succeed in holding prices in a recession or dampening them in a boom, but the trend is market-dominated.

In such a predicament it is difficult to imagine why we listen for a single second to complaints about gas or electricity prices from business users or about petrol prices from consumers. In a world where total output is restricted by scarce energy, the true economic cost of fuel exceeds its market price, and it should be taxed more and not subsidised at all.

It would be good politics for the seven "summit" countries to synchronise energy tax increases to minimise domestic bleatings, and also to return the proceeds in reduced VAT to eliminate the effect on the price index. But, given the eight-year struggle of the U.S. Administration to escape from blatantly subsidised oil prices—and the fact that dissident Conservative back-benchers in Britain should have chosen this, of all issues, on which to raise their standard—one is not encouraged to make over-ambitious suggestions for this year's Ottawa summit.

Perhaps the "sherpas" (the officials who prepare the path and write the communiqué before the Heads of Government even meet) should concentrate, as Sir Humphrey would say, on innocuous generalities about the desirability of lower interest rates.

* * *

The oil constraint will not be there for ever. Before the end of the 1980s the energy price increases which have already occurred will have led to large energy-saving shifts in technology; and the development of non-OPEC oil, as well as substitute fuels, will have been stimulated.

But so long as the oil constraint is there, the old rules are in abeyance and a world boom is no longer in the interests of a medium or small OECD member. It so happens, moreover, that the geographical distribution of UK exports is biased towards markets which have suffered least from the present downturn.

Will British industry be competitive enough to maintain a sufficient trade share? Professor Patrick Minford's estimate that UK wages have to fall or productivity to rise, relative to competitive countries, by 20 per cent to regain competitiveness (Liverpool Occasional Paper 1981, No. 2) seems to me about right.

If competitors' prices are rising at about 8 per cent a year, British unit costs would have to rise by about 2 per cent for three years to close the gap. Wage increases of 6 to 8 per cent a year, accompanied by productivity growth of about 4 to 6 per cent, would do the trick. This is by no means impossible in the traded goods sector; and although a little relief may be provided by a fall in the exchange rate it would be unwise to rely on it and positively dangerous to try to promote it.

Meanwhile, I agree with Minford that "firms will hang on to their markets, by holding prices in them at competitive levels." They are not going to abandon painfully-won markets because of a temporary loss of competitiveness arising from developments in 1979-80 that took employers and unions by surprise and to which they are still adjusting.

Some companies will fare worse than this and go under, whereas others are prospering even now, despite the high exchange rate. It is popular to argue that a magic organisation called "Government" could help them to avoid the need for these adjustments by a little monetary and exchange rate tinkering. But this is simply not the case, however much people want to believe it.

Samuel Brittan

Letters to the Editor

Capital Transfer Tax and the redistribution of wealth

From Mr. G. W. Gardiner.

Sir, — Your correspondent, Professor Cedric Sandford, suggests that the changes in the Capital Transfer Tax implemented by the last Budget and the current one have reversed the tendency towards a wider distribution of wealth. I would like to suggest that he is wrong in this assumption and that in fact the tendency for a reversal in the trend towards a wider distribution of wealth took place when Capital Transfer Tax was introduced. The reason for this is of course quite simple in that the old Estate Duty system encouraged people to give away their wealth, even if it was to their immediate family, whereas Capital Transfer Tax encouraged people to hang on to their wealth on the basis that when one could not avoid a tax one should at least postpone paying it. Sensible people with practical experience, as well as theoretical knowledge, of tax planning expected this development and forecast it.

Moreover the same forecast could be made if ever the alternative taxation proposals put forward by Professors Sandford, Meade, or Atkinson were to be implemented. Their proposals look good on paper but they are made without knowledge of the psychology of the wealth owner. By devising systems of taxation which create a lower tax charge if the wealth is spread around rather than if it is given to one person actually they encourage the wealth owner to give his wealth to his immediate kin because the fact that the taxation is so much higher if he does this makes it all the more essential that they should have the lot.

A lot of the argument is in any event a total waste of time as it is of course quite impossible to tax wealth except in specie. If a tax is to be paid in cash then it must either come from the income of the wealth owner or if that is insufficient it must come by a sale of assets to someone who is saving out of income. There is a very simple reason for this and the point is that a Government when it raises taxation wishes to take over part of the general public's command over current production of goods and services. Capital by its very nature is a product of past production of goods and services and no power on earth will for instance, convert an acre of land into heating and lighting for old age pensioners. As present charged therefore tax allegedly on capital is in fact charged merely by reference to capital values but its incidence is in reality upon either income or savings out of income.

G. W. Gardiner.
3, Molly Potts Close,
Knutsford, Cheshire.

From Mr. Paul Hawkins, MP

Sir,—Cedric Sandford's article (March 14) "Capital Taxation"—so far as it refers to the relief for agricultural landlords—has completely missed the reason why this change was made.

For some years now no land agent could properly advise a landlord to let land if it came in hand. From a financial point of view he either had to farm it or sell it. Often the landlord does not wish to farm, or has not the necessary capital so the land is sold; in East Anglia often to be bought and farmed by Pension Funds.

As Pension Funds do not die they have distinct advantages as regards Capital Taxation.

The point of this change is therefore to tempt the landlords to let and thus make more farms available for young men and women. It will also I hope make it easier for the National Farmers' Union and Country Landowners' Association to agree on new types of tenancies which may help towards the same end.

Paul Hawkins.
House of Commons,
London, SW1

From Mr. Michael Musgrave

Sir, — Professor Sandford's articles on the CTT reforms proposed by the Chancellor, which you published last week, cannot go unchallenged. It is true that the Estate Duty/CTT yields have remained static in revenue terms, the principal reasons for this are the rise in the starting point (expensive in revenue though little more than an inflation adjustment in reality), the relative flatness of capital values and the relief for gifts and bequests to spouses which has resulted in a substantial postponement of tax.

However, I submit that it should be implicit in CTT that there should be a discount for inter vivos gifts to allow for earlier payment and to encourage the passing of control of capital to younger hands. It is for this reason that I support the limited introduction of non-cumulation. Estate Duty was only tolerable at the rates imposed because of the avoidance possibilities which undoubtedly existed. Present CTT rates are still substantially higher than those general in the EEC bearing in mind that most gifts and bequests are made within the family structure. As one who spends much of his professional life attempting to ease the burden of passing on farms and businesses, I consider that further reforms are needed both in the rate structure and by way of further relief to gifts to lineal descendants. Practical effect is more important than theoretical purity.

The Chancellor's reforms, taken together with his Capital Gains Tax changes, are to be welcomed as a modest start on the right road. The fruit of the tree is the proper source of revenue, hacking down the tree merely causes famine.

Michael Musgrave.
3 Temple Gardens, EC4.

Cross-Channel transport

From the Sub-Dean,
The City University

Sir,—If ever a field called for intelligent analysis and careful planning, it is the provision of cross-Channel transport but I fear our governmental system is incapable of planning beyond electoral horizons. May I therefore suggest some action?

A plan would try to integrate three factors into a logically consistent scheme: first, the provision of transport facilities to the Channel ports and other points of departure; second, the means of crossing the Channel; and third, the prices to be charged for those services which have flip-flopped from the total rigidity of a cosy cartel to the total instability of oligopolistic competition.

It may be argued that the forces of free competition will result in the most effective solution to the problem but this hardly seems likely. Aviation is already subject to governmental regulation, the transport network will be determined either directly or indirectly by government intervention and the decision to build a tunnel will be an inter-governmental matter. There is therefore no possibility of free competition. All that might arise is regulated or unregulated competition between large organisations in the public and private sectors.

The governmental approach to the non-solution of this kind of problem is some kind of public enquiry and that is merely a device for delaying the action which is most urgently needed now. May I, therefore, suggest the following plan of action:

1—Action to complete the integration of all major Channel ports into the national motorway network.

2—A firm decision implemented through an irrevocable international agreement to build the rail tunnel.

3—The establishment of a regulatory body similar to the Civil Aviation Authority to approve cross-Channel fares: road, rail and, in conjunction with the CAA, air.

The first will stop juggernauts stopping up the country lanes on the way to the ports. The second will provide rail with the possibility of competing effectively and the third will prevent either a sleepy cartel or price chaos.

Oliver Vesey Holt.
Sub-Dean,
Lionel Denny House,
23, Goswell Road, EC1.

Holding gold

From Mr. N. Davie-Thornhill

Sir,—With the current preoccupation about money supply, M3 and high interest rates which are at present being used unsuccessfully to check M3, would it not be far simpler and more effective to resort to the old fashioned but long established method of controlling the money supply, i.e., making the pound freely convertible into gold at a fixed price. This would, at a stroke, give confidence to people to hold pounds and I suggest it is the lack of confidence which is so undermining the present policy to cure inflation.

N. B. B. Davie-Thornhill.
Stanton Park Farms,
Hinderclay Hall,
Near Diss, Norfolk.

Franc look at petrol

From Mr. Christopher Meakin

Sir,—I was so impressed by all the arguments about 20p on petrol that, last week, on a car trip to France, I decided to buy some of my petrol there instead.

Despite all those consumerist claims that British petrol is now the most expensive in Europe, nowhere in France did I find Four Star at anything less than FFr 3.72 per litre. According to my calculator, that works out at 153p per gallon at a middle exchange rate, and nearer 158p per gallon for the visiting British tourist at the exchange rate he is likely to be offered.

So, despite the rise in the pound/fall in the franc, despite the imminent French presidential election in which a bit of window-dressing would not go amiss—petrol there is still more expensive than the UK even after Chancellor Howe's rises.

Where are the French versions of Christopher Brocklebank-Fowler, stridently making political capital out of the petrol price? Nowhere to be seen.

Christopher Meakin.
59, Court Lane, SE21.

Cost and benefit

From Professor D. R. Myddleton

Sir,—The chorus of moaning and groaning about the Budget suggests that because public spending decisions are separated from tax changes many people think the Government can spend what it likes without anyone having to pay. A proposed Budget deficit of 4 per cent of Gross Domestic Product is not deflationary: it would be remarkable for the Retail Price Index to keep going up with so much "deflation" about.

Government's current spending has increased by more than 50 per cent in real terms since 1970, while real GDP has risen by less than 20 per cent. In contrast, because statesmen fearing electoral mortality find it easier to forgo longer-term benefits, government's *capital* spending has *fallen* in real terms by 30 per cent.

If the present Government means to reduce total public spending, why not denationalise most of the state welfare services, which now cost £50bn a year? Like our fiscal arrangements, the welfare state breeds irresponsibility, and for the same reason: it separates costs from benefits.

Instead of the state providing "free" benefits for all, the tax system could redistribute income to alleviate poverty. Competitive provision of welfare services would improve efficiency and innovation; allow families freedom of choice at the margin; and encourage providers of education, health, and the rest, to satisfy the public's wants rather than the dogmas and vested interests of producers, politicians, and bureaucrats.

D. R. Myddelton.
Cranfield School of Management,
Cranfield, Bedford.

Excess profits

From Mr. S. W. Penwill

Sir,—I have read with interest the letter of Mr. Mark Dunn in your issue of March 12 and thoroughly agree with his sentiments.

There is one aspect of this "excess profits tax" which he omits and that is, that if this proposal is made law it will create a precedent for any future government, which would use it to justify the confiscation of profits of any company in the private sector, if it considered those profits to be excessive.

As to the method of calculation, my bankers credit me in effect with interest on my current account to the extent to which that account would have incurred charges, but presumably that account will be regarded as a "non interest bearing deposit."

This proposal by the Chancellor should be vociferously resisted.

S. W. Penwill.
158 Fenchurch Street, EC.

Today's Events

GENERAL

UK: Sir Geoffrey Howe, Chancellor of the Exchequer, presents CBI/Family Circle award to 1981 Housewife Economic Expert winner, Centre Point, London.

Trades Union Congress Women's conference opens, Southport (until March 20).

Revised code of practice for motor industry published.

The Queen and Prince Philip visit Bank of England printing works, Loughton.

National Farmers Union council meets, London.

Mr. Roy Hattersley, Opposition Home Affairs spokesman, speaks at Bishop's Stortford.

ICFC and Nottingham University national conference on management buyouts—corporate trend for the 80s, Nottingham.

The Queen and Prince Philip attend state banquet given by President Shehu Shagari of Nigeria, Claridges, W1.

Foundry International Exhibition opens, NEC, Birmingham, (until March 27).

Overseas: President Karl Carstens of West Germany attends Bundesbank Central Council meeting, Frankfurt.

PARLIAMENTARY BUSINESS

House of Commons: Iron and Steel Bill, second reading. Motion on the Merseyside Development Corporation (Area and Constitution) Order.

House of Lords: Water Bill, committee stage. Companies Bill, committee stage.

Select Committee: Agriculture, on animal welfare in poultry, pig and veal calf production. Witnesses: Volac; National Association of Pig Breeders. Room 16, 11 a.m.

OFFICIAL STATISTICS

London dollar and sterling certificates of deposit for mid-February. UK banks' assets and liabilities and the money stock for mid-February. Fourth quarter revised figures of capital expenditure by the manufacturing, distributive and service industries. Fourth quarter revised figures for manufacturers' and distributors' stocks.

COMPANY MEETINGS

Crescent Japan Investment Trust, 4 Melville Crescent, Edinburgh, 12.30. East Anglian Water, 163 High Street, Lowestoft, Suffolk, 3. Greenfriar Investments, 11 Austin Friars, EC, 2.30. Henlys, 385 Euston Road, NW, 12. Watson and Philip, Angus Hotel, Marketgait, Dundee, 12. Whatlings, Great Eastern Hotel, Liverpool Street, EC, 12.

Shell UK net income declines to £373m

NET INCOME of Shell UK declined from £476m to £373m in 1980, on sales revenue, excluding VAT and duty, up from £2.69bn to £3.26bn. Its capital expenditure went up by 39 per cent to a record of more than £600m and capital employed rose to £3.03bn. Interest and tax took £254m compared with £143m.

Commenting on the prospects for 1981 the company says that even before last week's Budget the combined effect of a series of alterations in North Sea tax, and of the increase in capital costs of a project such as Brent, had been greater than the sterling rise in crude oil prices in real terms over recent years.

The new supplementary petroleum duty and the petroleum revenue tax changes in the Budget have tilted the balance still further and for 1981 are likely to add £125m to Shell UK's tax bill.

The company's production of North Sea oil was 6.6m tonnes, 4m tonnes less than in 1979. This was largely because output from the Brent field was reduced as a result of restrictions on the flaring of associated gas.

Although volumes were lower, proceeds from Shell UK's North Sea oil production rose in 1980 due to higher international crude oil prices but this was partially offset by provisions for petroleum revenue tax.

The company's lower profit in 1980 was mainly due to the sharp drop in demand for oil and chemical products and a very competitive pricing situation, particularly in the second half of the year.

Despite a rise in exports of Shell UK's oil products there was an overall drop of 10 per cent in oil sales volume compared with 1979.

Significant improvements in productivity and efficiency were achieved during the year—part of the long-term programme of rationalisation and investment in oil refining and marketing—but these were insufficient to offset the effects of the sharp reduction in demand.

Chemicals suffered an even greater fall in sales volume of 19 per cent, and a major restructuring of Shell Chemicals UK was announced at the end of 1980 to take account of expected lower levels of activity.

Shell UK's trading operations in 1980 generated a cash flow of £607m, which was entirely absorbed by the capital expenditure of £609m.

Three-quarters of this was spent on exploration and production, and the remainder was invested in plant and facilities in oil refining and marketing, and in chemicals.

On a current cost basis, Shell UK's profit was £166m and its capital employed £4,300m.

GKN into loss as UK side suffers

MAINLY due to a poor performance in the UK, Guest, Keen and Nettlefolds incurred a £37.4m pre-tax loss in the second half of 1980, and this has resulted in a turnround from a profit of £125.8m to a deficit of £1.2m for the full year.

In addition, compared with an interim forecast of £20m, closure costs and associated redundancy payments changed as extraordinary items totalled £48.6m, (including estimated costs to March 18, 1981). This figure, the directors say, underlines the downturn in second half trade which has made it necessary to take action far in excess of that contemplated at halfway.

They also say they do not expect any upturn in group markets during the current year but the stringent cutbacks in production capacity and workforce should provide a basis for a better financial performance.

In view of the adverse 1980 results, the final dividend is cut to 4p net, leaving the total payment down from 19.3937p to 8p. Maintenance of this reduced level, however, depends on a positive improvement in trading and profitability, the directors warn.

Turnover for the year under review fell marginally from £1.96bn to £1.92bn. After depreciation of £47.8m (£43.6m) and redundancy costs of £25.8m (£2.4m), in respect of on-going activities, the trading surplus declined from £138.3m to £36.7m.

A geographical analysis of turnover and trading profits shows, UK £1.26bn (£1.34bn) and £18m loss (£83m profit), rest of Europe £411m (£430m) and £39m (£45m), and rest of the world £253m (£192m) and £16m (£10m).

By class of business they broke down as to; automotive components £677m (£696m) and £25m (£59m); wholesale and industrial distribution £452m (£388m) and £11m (£18m); general steels £169m (£216m) and £12m loss (£7m profit); special-steels and forgings £197m (£239m) and £8m loss (£18m profit); fasteners £137m (£151m) and £5m (£9m); industrial services £129m (£135m) and £11m (same); other activities £317m (£323m) and £5m (£16m). Inter group sales totalled £155m (£187m).

On a CCA basis the pre-tax loss for the year is shown at £32m, after operating adjustments of £41m, interest £45m, gearing adjustment £11m and share of associates £6m.

Reviewing the 12 months, the directors report that although recessionary conditions applied internationally, they were most marked in the UK. Here steel, mechanical engineering and other sectors, largely dependent on the automotive and construction markets, were severely affected.

The 13 week strike in the first quarter of the year, while in itself damaging, masked the true severity of UK recession and demand from the automotive industry in particular has been low.

Action taken to reduce heavy UK trading losses involved cutting the workforce by some 12,400. There were about 11,000 redundancies, extensive short-time working and a number of plant closures. Also, provision has been made for further redundancies of 4,300 employees who were either under notice at the year end or affected by announced closure since that date.

Overseas results were more satisfactory and European operations sustained their profitability despite dependence on the automotive industry. Demand on the two new U.S. plants for constant velocity joints remains as planned.

Capital expenditure during the year totalled £103m, with the UK accounting for £63m. That of subsidiaries outstanding at the year end amounted to £86m (£108m). Contracts placed against this so far as not provided for in the accounts totalled £37.6m (£30.5m).

	1980 £m	1979 £m
Turnover	1,922.7	1,961
Depreciation	47.8	43.6
Redundancy costs	25.8	2.4
Investment income	2.6	3.4
Interest payable	47.6	35.9
Share of assoc.	7.1	22
Loss before tax	1.2	*125.8
Tax	32.3	44.2
Minority profits	6.6	6.6
Extraordinary debits	49.8	18.5
Dividends	13.2	32.1
From reserves	103.1	†24.4

*Profit. †To reserves.

The balance sheet at December 31, 1980 shows shareholders' funds at £652.7m (£777.6m) and net current assets of £335.1m (£428m).

See Lex

HIGHLIGHTS

The Lex column concentrates on the results of four major UK companies announced yesterday. All are in the doldrums with two moving into the red. **Thomas Tilling** is down from £81m to £70m pre-tax and at **Dickinson Robinson** the final dividend has been cut in the light of full year profits nearly £10 lower at £18m. **GKN** meantime collapses with a small los against a £126m profit, but the magnitude of the reverse did not surprise the market. Also **BSR** produced losses—amounting to nearly £18m—though it reckons to be passed the worst. On the inside pages **Bejam** produces some reasonable figures but more interesting is its decision to get out of "fast foods" which had been losing money. Irish group, **Cement Roadstone**, has produced a 5 per cent increase in profits to £25m.

Nelson David in the red

IN THE half year to September 30, 1980 vehicle retailer and repairer Nelson David plunged to a pre-tax loss of £112,000 compared with a profit of £84,000. Turnover fell to £4.39m compared with £4.95m.

Administration costs amounted to £80,000 (£60,000) and interest charges came out at £125,000 (£88,000). There was again no tax charge for the year and an extraordinary debit of £98,000 (nil) related to closure and reorganisation costs of £69,000 and compensation to a director of £28,500 for loss of office.

The stated loss per 5p share emerged at 1.97p (1.48p earnings) and as last year no dividend is to be paid. The attributable loss emerged at £210,000 (£84,000 profit).

The chairman states that since August the company has instituted formal systems to monitor and control stocks to keep levels in line with projected sales and gross margins.

This means that the latter part of the current year has seen a considerable reduction in total stocks and consequently borrowings and interest costs. However this has had the effect of further depressing the results for the current year because the destocking could only be achieved by making sales at very narrow margins, he says.

The group's trading during the third quarter was at a level lower even than during the first half, which is the usual pattern, but January was significantly better and it does seem that although there are no signs yet of an upturn, trading conditions are not deteriorating further in most of the regions in which the company operates, he adds.

Further cut in MLR expected

THE CHAIRMAN of the Union Discount Company said yesterday he anticipated a further fall in interest rates following the Chancellor's bold efforts to reduce Government expenditure.

Speaking to the annual general meeting of shareholders, Mr. A. J. O. Ritchie said "the Chancellor's courage in taking some fairly unpleasant fiscal action when faced with clear difficulties about reducing Government expenditure" had to be admired.

"Against this background, I foresee some further reduction in interest rates and hopefully, therefore, some further measure of relief for the beleaguered private sector as I believe the Retail Price Index should fall during the summer months."

Mr. Ritchie went on: "Our expectation of lower rates of interest in the spring have proved justified but the markets fully anticipated the Chancellor's decision to reduce MLR to 12 per cent, and the postponement of that action until Budget day has proved somewhat expensive.

"The markets are going through a period of change marked during the past week by two papers from the Bank of England developing the Bank's thinking in connection with liquidity for banks and monetary control.

"In particular, I welcome the emphasis placed once again by the authorities on the Bill Market

Jones & Shipman slips back but maintains dividend

PRE-TAX profits of **A. A. Jones and Shipman**, the Birmingham high precision machine tool manufacturer, slipped from £2.54m to £2.15m for the year end-December 1980. Turnover increased from £18.8m to £22.19m.

The final dividend is effectively maintained at 2.6p, making a total for the year of 3.6p (3.525p). Stated earnings per 25p share are shown down from 15.1p to 11.6p.

Mr. F. W. Brooks, chairman and joint managing director, says earnings have suffered because of the extremely low level of orders from the home market since the middle of 1980. He says the company will commence a four-day working week next month.

The taxable surplus included Government grants of £61,000 (£285,000) and was after interest charges of £111,000 (received £89,000).

Tax took £750,000 (£735,000) and minority interests £12,000, against a credit of £12,000 last time. The retained profits was £956,000, down from £1.39m.

After current cost adjustments, the pre-tax surplus is reduced to £992,000 (£1.13m).

● comment

With a good slice of a specialist segment of the machine tool market **A. A. Jones and Shipman** has felt the draughts of recession somewhat later than many standard machine manufacturers. Its operating profits for 1980 are higher by 2 per cent and the dividend is raised slightly to yield 8.9 per cent. Yet the shares fell 2p yesterday to 60p because absence of orders is now total and is hurting even the most compact companies. The strong order book with which the group started 1980 has been steadily eaten away from last April onwards and, while work on hand is still good for an average of four months, production starts on a four-day week basis from the end of this month and year-end stocks had already risen by £900,000 to £8.2m. Yet, although the dividend is partly uncovered on a CCA basis, the financial position remains reasonably healthy. Net capital spending of some £500,000 (before applications for £900,000 of grants) is covered by historic cost depreciation of £605,000 and an inflation top-up of £250,000. The historic p/e of 3.3 after standard rate tax is clearly discounting a market shortfall this year and there is no reason to rush to sell at this level.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Banro Consld.	2.43	—	2.43	3	3
Bejam ...int.	1.25	April 30	1	—	2.25
BSR	Nil	—	1.41	Nil	2.82
Cement Roadstone	3.23¶‡	—	2.8	5.33	4.62
DRG	3	July 6	5.5	6	8.5
GKN	4	May 9	13.55	8	19.39
J. Hewitt and Son	1.8	May 12	1.5	1.8	1.5
Howard Machinery	Nil	—	0.59	Nil	1.17
John I. Jacobs	2.1§	May 19	1.5	2.8§	2.1
Jamesons Chocolates	3	—	3	4	4
A. A. Jones & Shipman	2.6	May 14	2.6*	3.6	3.53
Lawtex ...int.	1	May 1	1.88	—	4
Hugh Mckay ...int.	1.4	April 3	1.4	—	3.62
Hugh Mckay	2.22	May 13	2.22	3.62	3.62
J. N. Nichols	4	May 20	3*	7‡	7*
T. Tilling	4	July 1	4	7.5	7
Trafford Pk. Estates int.	2.75	April 24	2.25	—	6
James Walker ...int.	1	May 1	1	—	4
Waverley Cameron	3.75	—	3.75*	3.75	3.75*

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For 9 months. § Includes special centenary dividend of 0.5p. ¶ Irish pence throughout.

LONDON TRADED OPTIONS

(Mar. 17 Total contracts 505)

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	390	15	—	36	4	52	—	392p
BP	420	5½	—	24	—	38	1	"
BP	500	1	5	7	—	—	—	"
Com. Union	140	25	25	26	—	30	2	165p
Com. Union	160	7	20	11	1	16	1	"
Cons. Gold	420	40	20	65	—	78	10	461p
Cons. Gold	460	20	13	42	11	53	—	"
Cons. Gold	500	—	—	28	—	37	13	"
Cons. Gold	550	—	—	15	3	22	3	"
Courtaulds	60	12	—	14	2	16	5	60p
Courtaulds	60	4	10	7	3	8½	—	"
GEC	650	22	20	55	—	77	—	655p
Grand Met.	140	40	25	44	—	49	—	177p
Grand Met.	160	20	21	28	—	33	—	"
Grand Met.	180	6½	249	14	344	20	10	"
Grand Met.	200	1½	—	6	22	10	—	"
ICI	220	24	—	34	5	40	—	232p
ICI	240	9	10	24	10	28	3	"
ICI	260	2½	—	13	5	22	—	"
ICI	300	½	—	3	—	10	6	"
ICI	330	½	5	1½	—	—	—	"
ICI	360	½	5	1	—	—	—	"
Land Sec.	330	90	—	94	5	—	—	414p
Land Sec.	360	60	10	67	7	78	—	"
Land Sec.	390	33	71	44	26	58	—	"
Land Sec.	420	13	53	26	61	38	26	"
Marks & Sp.	110	14	4	19	—	24	—	120p
Marks & Sp.	120	6	54	12	66	14½	—	"
Marks & Sp.	130	2	—	6	—	9½	1	"
Shell	550	½	1	1½	—	—	—	398p
Totals			601		575		79	
		May		August		November		
Barclays B'k	420	7	10	20	—	30		388p
Imperial Gp.	80	¾	—	2½	3	3½	—	68p
Lasmo	600	45	5	67	—	97	—	612p
Lasmo	650	22	—	47	2	67	—	"
Lasmo	700	10	17	25	1	42	—	"
Lasmo	800	2	—	8	20	—	—	"
Lonrho	90	10	—	14	2	16	—	95p
Lonrho	100	4½	9	8	—	10	—	"
Lonrho	120	¾	—	2½	8	—	—	"
P. & O.	110	27½	8	28½	—	—	—	134p
P. & O.	120	17½	11	20	—	24½	—	"
P. & O.	130	9½	2	13	—	18	—	"
P. & O.	140	4½	10	—	—	—	—	"
Racal Elec.	330	45	2	58	—	70	—	357p
Racal Elec.	360	25	3	41	—	63	—	"
Racal Elec.	390	8	—	28	6	39	—	"
RTZ	390	85	1	95	—	108	—	461p
RTZ	414	60	8	—	—	—	—	"
RTZ	454	35	22	48	—	—	—	"
R.Z	460	—	—	—	50	62	—	"
RTZ	500	—	—	25	1	—	—	"
Totals			108		93		—	

Grand Met snaps up Bejam's Trumps for £3m

Bejam has decided to end its brief and unprofitable venture into fast foods by selling its five Trumps hamburger restaurants in London for £3m.

The buyer is the Grand Metropolitan hotels and brewing group which has been expanding into fast foods through its Huckleberry's operation.

The deal does not include Bejam's four Hungry Fisherman units, a modern variant of the traditional fish and chip bars. But these are up for sale as well.

Once all the restaurants have been sold, Bejam will have a loss on book values of some £1.75m before tax. It is also shedding its few Tennessee Pancake and Beefy hamburger outlets.

The decision to pull out marks a rapid change from Bejam's earlier determination to press ahead until its fast food activities started to make profits.

"We came to a crossroads," said Mr. John Apthorp, the Bejam chairman, yesterday. "We felt we had to open a lot more restaurants, or else we had to get out."

Unfortunately, he added, "we came in at a time of a downturn in consumer spending." Altogether, Bejam lost £303,000 on its restaurants, before interest and administration costs, in the half-year to the end of December.

It entered the restaurant business in mid-1979 when it paid EMI £4.8m for 36 restaurants, just as it opened the Trumps pilot in Romford, now closed. Most were sold and several sites, including Oxford Street, used for its fast food units.

Grand Met's Chef and Brewer division, through which Huckleberry's is owned, hopes to bring profitability to Trumps over not too long a period.

In a few months, the five restaurants will reopen under the Huckleberry's name and image. The main Trumps store is in Oxford Street opposite Selfridges and cost Bejam some £900,000.

Stock market analysts reckon that Bejam has sunk around £3m into the Trumps restaurants, the others being in Tottenham Court Road, Queensway, Lewisham and Upton Park.

The Hungry Fisherman units have cost less to build, as the kitchen equipment for fish and chips is cheaper. Under the Huckleberry's name, the latter's full range of hamburgers, chicken and fish will be sold at the Trumps sites.

Huckleberry's was formed in 1979 under a franchise deal with the Canadian associate of Burger Queen, a U.S. fast food company based in Kentucky.

The first Huckleberry's store was in north London at Wood Green, with another following in Shepherds Bush. It has two outside London in Northampton and Southampton and plans to open its biggest unit at Watford in April.

Also through Chef and Brewer, Grand Met has begun to open Barnaby's restaurants at the upper end of the fast food market. Intriguingly, its partnership with Wendy's, a major U.S. hamburger chain, was dissolved at the end of last year.

The reasons were never fully explained, but Wendy's intends to add four more restaurants in London to its major Oxford Street site, only open for a few months. McDonald's, the biggest U.S. hamburger operation, has over 50 restaurants in Britain.

Fast food profits clearly depend on a high volume of business in view of the major cost of obtaining prime sites and equipping the restaurants.

"It really comes down to the number of people with money in their pocket prepared to eat out," said Mr. Apthorp. "At the moment, they are just not about."

Freezer food group advances at six months

DESPITE A loss of £303,000 on its restaurant activities, Bejam Group, the foods, freezers and microwave cookers retailer, pushed pre-tax profits up to £4.52m in the six months to December 28, 1980, compared with £4.1m in the previous first half.

The interim dividend is being stepped up from 1p to 1.25p net—last year a total of 2.25p was paid from profits of £8.27m.

The decision to dispose of the restaurant division will result in a shortfall against book values of some £1.75m before tax, says Mr. J. D. Apthorp, chairman, and this will be included in the full year's results as an extraordinary debit.

Five of the restaurants, trading under the Trumps name, are being sold to Grand Metropolitan for £3m and the sale of the remaining sites is being negotiated with various other prospective buyers.

First-half sales improved from £79.93m to £97.74m. The net surplus, after tax of £367,000 (£334,000) is £4.15m (£3.77m), of which dividends absorb £905,000 against £724,000.

Earnings per 10p share are shown up from 5.21p to 5.73p.

Six new freezer food centres were opened in the first half, and four existing ones were extended. By the end of the group's financial year a further 13 new centres will have been opened, a number of existing stores extended and nine older ones closed. As a result, total sales area will have increased by some 16 per cent over the year to 666,000 sq ft, the chairman states.

● comment

The growth in Bejam's freezer food business is not as exciting as it was last year but the interim figures are still satisfactory. Sales volume is up about 17 per cent despite some customer downtrading to sausages and hamburgers. Sales of freezers and microwave ovens are surprisingly strong, given the depression in consumer durables elsewhere. Margins have been held as the big supermarket chains are sustaining an uneasy peace on prices. The shares have fluttered nervously in the past week and yesterday they fell 5p to 115p. Perhaps the market was more distressed by the size of the fast food loss than impressed by the gritty decision to get out of this unsuccessful attempt at diversification. Bejam is now concentrating on a major expansion of its main business and, in a brave show of confidence, has raised the interim dividend by a quarter. Not much profit growth is expected in the remainder of the current year, however, so the outturn could be about £9m. The prospective fully-taxed p/e of about 10 is counting on a lot next year. The prospective yield, assuming a 25 per cent rise in the final, is 5.5 per cent

Receiver called at Hawker Marris

LLOYDS BANK has caused Hawker Marris, the Birmingham-based tableware manufacturer, which trade as Cavalier Tableware, to go into receivership.

Mr. R. Wadsworth, the company's chairman, said yesterday Peat Marwick and Mitchell had been appointed receivers at the directors' request following "pressure from Lloyd's Bank."

Last week the Board had discussed the sale of the company, which has traded profitably since the last quarter of 1980 following restructuring under a new management team headed by Mr. Christopher Watney. "But we ran out of time," said Mr. Wadsworth, "because of the seasonality of our business we would have exceeded our overdraft automatically in March."

Mr. Wadsworth added: "I believe the company is sound and can be successful with the necessary backing."

The receiver, Mr. Alistair Jones, said a few hours after his appointment: "Hawker looks very much like a going concern. I have told the staff it will continue to trade." He added he intended to find a buyer

Hawker made a pre-tax loss for the first half of 1980 of £198,000 after a similar loss for the comparable period.

Hawker Marris shares were suspended at 70p yesterday, giving a market capitalisation of £350,000.

DRG cuts final as profits slide to £18m

AN abrupt and severe fall in the level of UK orders has resulted in Dickinson Robinson Group pre-tax profits, for 1980, sliding from £27.7m to £18m. Group turnover, however, rose from £520.4m to £568.2m.

The final dividend is reduced from 5.5p to 3p making a total of 6p (8.5p). Mr. John Camm, the chairman, says the serious decline in UK profits in the second half and concern that 1981 may not be materially better, caused the Board to reappraise dividend policy. In all the circumstances, and especially to enable it to invest for the future, it was considered necessary to follow a prudent course.

He says the general economic outlook in the UK does not signal any better conditions immediately ahead or improvement in levels of demand compared with 1980. Under these conditions, and while the group is in the course of substantial re-organisation, he says it would be unadvisable to forecast results for 1981. He is confident of further growth overseas, but on a reduced scale.

Commenting on the year's figures, Mr. Camm says the initial affect of the fall in orders was masked by the disruption caused as a result of the nationwide National Graphical Association's dispute during April and May.

In the group's UK markets, the relatively small reduction in consumer purchasing was compounded by massive de-stocking throughout the manufacturing and distribution chain. Demand was also adversely affected by the strength of sterling, particularly in relation to European currencies, which not only resulted in competitive pressure on prices, but also in the placing of a significant volume of business outside the country.

The strength of the pound helped to reduce some raw material costs, but higher energy and nationalised industry charges, increased local rates and other overheads could only be met out of existing margins.

He says that as a result of these pressures, UK trading profits for the second half fell to £3.4m (£8.3m in the first half), and for the year as a whole were halved compared with the £23.9m earned in 1979. Overseas businesses, however, continued to trade satisfactorily and increased their trading profits by 50 per cent from £10.6m to £15.9m.

Despite the difficulties in the UK, the group lived within its cash flow, after spending £25m on capital projects and £10m on the acquisition of new businesses.

Capital expenditure maintained the level set in 1979. The group completed a major extension to its thermoforming business at Yate, a further £2.5m was spent on plant for plastics production, and £1m was spent to support its engineering business in energy and defence-related fields.

It is intended to continue to modernise and to invest for growth, but he says the emphasis will be shifted from the UK to the overseas businesses and £10m has already been committed for new investment in 1981.

There were several important acquisitions during the year, including the A. C. Barratt Group of companies and the Blackball companies. In addition to their office and copying machine businesses, together they form the largest graphic arts dealer group in the UK.

During the year there were closures, however, including the gummed-paper tape business of Holdfast Products, the waste-based kraft paper mill in Kent, and the Croxley paper mill, all of which were no longer viable.

These actions will have resulted by July, 1981, in a reduction of some 4,000 employees in the UK. The board has decided to treat the once-off cost of closure, redundancy and relocation as a "below the line" item and have made provision for £8m, net of tax relief and relevant disposals.

As a result of the closures, viable sites have been released, the sale of which will help relieve the heavy burden association with reorganisation.

Sales during the year rose from £466m to £520.3m and these resulted in trading profits of £28.1m (£35.5m), and the UK share was £11.7m (£23.9m). Associates' share of the profits was down from £1m to £500,000. Interest payable less receivable was £10.1m (£7.8m).

Tax was down from £9m to £7.5m, with the UK share falling from £4.7m to £1.7m.

After tax, interest, extraordinary items and dividends, which absorb £5m (£7.1m), there was a retained deficit of £5m (£7.5m profit). Stated earnings per 25p share before extraordinary items are down from 20.8p to 9.6p.

On a CCA basis, pre-tax profits are reduced to £2.5m, the attributable loss is £14.4m, and the current cost loss per share share is 7.6p.

Principal activities of the group are marketing and manufacture of packaging from paper, board, plastics and metal foils, and of consumer products including stationery, papers, adhesive tapes and office supplies. There are also specialised activities in engineering.

See Lex

Yearlings total £16.6m

able on March 16, 1982 have been issued this week by the following local authorities:

Derby City Council (£1m); North East Derbyshire DC (£0.5m); St. Helen's Metropolitan BC (£0.5m); Sedgemoor DC (£0.25m); Wrekin (The District of The) (£0.5m); Bradford (City Of) Metropolitan Council (£0.75m); Crawley BC (£0.5m); Llanelli (Borough Of) (£0.35m); Norwich (City Of) (£1m); Rochdale Metropolitan BC (£0.5m); South Bedfordshire DC (£0.5m); South Tyneside (Borough Of) (£1m); West Oxfordshire DC (£0.25m); Dundee (City Of) DC (£0.5m); Fife Regional Council (£0.5m); Camden (London Borough Of) (£1m); West Yorkshire Metropolitan CC (£0.5m); Islington (London Borough Of) (£1.5m); Kingston Upon Hull (City Of) (£1m); Leeds (City Of) (£2m); Newark DC (£0.5m); South Yorkshire CC (£0.25m); Cambridge City Council (£0.5m); South Derbyshire DC (£0.25m); West Yorkshire Passenger Transport Executive (£0.5m);

A total of £0.75m has also been raised by way of 12⅞ per cent bonds redeemable on March 16, 1983 comprising of Kettering BC (£0.25m) and West Lancashire DC (£0.5m).

ARCHER & SHARPE CALLS IN RECEIVER

Archer and Sharpe, the Midlands steel fabrication and erection group, has asked its bankers to appoint a Receiver following heavy trading losses.

The Receivers, Spicer and Pegler, are seeking a buyer for the company which is continuing to trade. Archer and Sharpe employs 88 people and its turnover to the year end October 31, 1980 was £2.5m.

EUROPEAN OPTIONS EXCHANGE

Series		Mar. Vol.	Mar. Last	June Vol.	June Last	Sept. Vol.	Sept. Last	Stock
GM C	$50	51	2¼	—	—	—	—	$52⅜
GM C	$60	—	—	3	¾	—	—	"
		April		July		Oct.		
ABN C	F.280	3	16	—	—	—	—	F.292
ABN C	F.300	29	3.80	2	7	—	—	"
ABN C	F.320	1	0.80	2	2.20	—	—	"
AKZO C	F.15	4	5	—	—	—	—	F.20.10
AKZO C	F.17.50	19	3	58	3.30 B	17	4.60	"
AKZO C	F.20	99	1	93	2.10A	46	2.80	"
AKZO C	F.22.50	37	0.30	41	1.10	—	—	"
AKZO P	F.20	15	0.70	—	—	—	—	"
AKZO P	F.22.50	—	—	2	3	—	—	"
AMRO C	F.55	20	2.50	—	—	—	—	F.56.90
AMRO C	F.60	5	0.50B	—	—	—	—	"
KODA C	$80	5	3⅞	1	7¼	—	—	$80⅝
HEIN C	F.50	6	8	—	—	—	—	F.58
HEIN C	F.55	24	3.80	—	—	—	—	"
HEIN C	F.60	11	1.50	9	2	7	4	"
HEIN P	F.50	—	—	2	0.70	1	1.20	"
HEIN P	F.55	—	—	—	—	10	2.20	"
HEIN P	F.60	7	3	—	—	—	—	"
HOOG C	F.20	—	—	—	—	10	1.60	F.18.50
IBM C	$60	4	5	—	—	—	—	$64⅝
IBM C	$65	2	2⅛	—	—	—	—	"
IBM C	$70	—	—	—	—	4	3¾	"
KLM C	F.60	16	35.80 B	3	34.50 B	—	—	F.95
KLM C	F.65	—	—	5	31	—	—	"
KLM C	F.70	100	28.20	61	26	—	—	"
KLM C	F.80	50	16	30	16 A	11	17.50 B	"
KLM C	F.90	105	9.40	73	12	17	13	"
KLM C	F.100	155	4.80	146	7.60	5	8.50 B	"
KLM P	F.70	—	—	12	1.30	—	—	"
KLM P	F.80	13	0.90	31	2.70	11	5	"
KLM P	F.90	39	3.60	36	6.20	2	8.50	"
KLM P	F.100	8	7.20	—	—	—	—	"
PHIL C	F.15	2	3.90 A	17	4.30	—	—	F.18.90
PHIL C	F.17.50	139	1.70	—	—	1	2.70	"
PHIL C	F.20	45	0.40	50	1.10	120	1.50	"
PHIL P	F.17.50	50	0.30	12	0.80 B	—	—	"
PHIL P	F.20	40	1.50	—	—	—	—	"
POLA C	$25	—	—	29	5	—	—	$28
POLA C	$30	10	1/16	—	—	33	3⅛	"
RD C	F.90	15	8 B	—	—	—	—	F.96.60
RD C	F.95	117	4.60	55	7	—	—	"
RD C	F.100	382	2.80	89	4.30	58	5.60	"
RD C	F.110	594	0.40	113	1.20	33	3.30	"
RD C	F.120	—	—	63	0.60	—	—	"
RD P	F.80	35	0.10	—	—	—	—	"
RD P	F.90	439	0.50	—	—	—	—	"
RD P	F.95	231	1.60	69	4.60	—	—	"
RD P	F.100	180	4.20	40	7.50	—	—	"
RD P	F.110	4	14.40 A	1	14	—	—	"
UNIL C	F.130	1	5.20	—	—	—	—	F.134
UNIL C	F.135	1	2 B	—	—	—	—	"
UNIL P	F.130	—	—	5	6.20	—	—	"
		May		Aug.		Nov.		
SLUM C	$120	1	⅞	—	—	—	—	$99¼
SLUM C	$130	—	—	2	1¾	—	—	"
SLY C	$93/06	2	10½	—	—	—	—	"
VW C	DM.150	—	—	2	12	—	—	DM159.30
VW C	DM.160	—	—	7	6.40	—	—	"

TOTAL VOLUME IN CONTRACTS 4654

A=Asked B=Bid C=Call P=Put

BIDS AND DEALS

S. Gibbons non-stamp side offer in prospect

James Auctions, Norwich-based auctioneers of coins, medals, banknotes, maps and stamps, said yesterday that it intended to make a "firm offer" to Letraset for the non-stamp assets of its tanSley Gibbons subsidiary.

tanley Gibbons made a trading loss of nearly £250,000 in the half-year to last October and Letraset announced in January that a number of the subsidiary's non-stamp activities were to be *curtailed. Potential* buyers have included Richard Lobel, the London coin dealer.

In February Letraset, which has admitted that it paid too *much for* Stanley Gibbons in early 1979, said that Gibbons' New York office was to be closed.

Grand Met's £10m offer for Warner Holidays

BY JOHN MOORE

Grand Metropolitan, the hotels, food and brewing group, is to acquire Warner Holidays, the holidays camps group, in a deal worth over £10m.

Grand Metropolitan described the move yesterday as "a new departure for us which opens up a whole range of possibilities. We believe the holiday area is a rapidly growing business."

The group's shares rose 3p to 178p yesterday on the London stockmarket. Trading in Warner's shares recommenced yesterday after being suspended at 55p. They closed at 102p.

Grand Metropolitan is offering three of its own shares to Warner shareholders in exchange for four of their ordinary shares, with a cash alternative offer of 468p. On the basis of yesterday's price movement in Grand Metropolitan shares, the first offer places a value of 133.5p per share on the Warner ordinary equity.

In addition, Grand Metropolitan is offering three of its own shares for every five Warner "A" shares, with an alternative cash offer of 465p.

With Grand Metropolitan's shares standing at 178p this offer places a value of 107p on each Warner share.

The Butlin family, whose own holiday camp operations have been absorbed by the Rank Organisation, holds a stake of less than 5 per cent in Warner and is understood to have accepted the offer. Their shares and other irrevocable undertakings of the Warner family, directors and *other shareholders* to support the offer amount to 44.43 per cent of the group's votes.

Warner provides inclusive summer holidays at 12 centres in the UK, and has self-catering accommodation at Brixham centre and Greenways holiday park, and hotels and apartments in Majorca and Ibiza. It also provides various sporting and package holidays overseas.

Grand Metropolitan hopes to develop the package tour side, and *also sees opportunities to* sell its beers—Watney Mann and Truman—through the camps.

In its last reported financial year, ending January 31, 1980, *Warner showed record pre-tax* profits of £1.13m compared with £0.8m, on turnover of £10.8m.

For the six months ending July 31, 1980, it suffered a pre-tax loss of £104,000 compared with a profit of £356,000. At that stage profits for the full year were expected to fall below the previous year's.

Lawncast has over 90% of Rosgill

Lawncast has now acquired or agreed to acquire pursuant to its offer for Rosgill Holdings, 8,614,205 of that company's *shares (90.2 per cent).*

The revised cash alternative of 28p for each Rosgill share will remain open until further notice, but in accordance with last month's announcement, the share alternative of one Lawncast share for each Rosgill share is now withdrawn and is no longer available for acceptance.

Of the shares agreed to be acquired pursuant to the offer, 5,652,759 (59.19 per cent) have been accepted for cash and 50,440 (0.53 per cent) in exchange for Lawncast shares. Prior to January 20, Lawncast held 600,000 Rosgill shares (6.28 per cent) and since that date it has acquired a further 2,311,066 shares (24.2 per cent).

Sonesta Inv. holds 45.9% of Grovebell

Sonesta Investment Company has acquired 1,956,500 shares in Grovebell Group arising from the rights issue and another 4,887,269 shares as a result of underwriting the issue, making its total holding 7,123,29, or 45.94 per cent.

Also, Laurie, Milbank Nominees has acquired 1.6m shares (10.32 per cent) and Industrial and Commercial Finance Corporation 1m shares, which in both cases represents their total holding.

Staxford, a subsidiary of Sonesta, has acquired 476,140 shares making its holding 544,160 (3.51 per cent). Mr. L. R. Peralta, a Grovebell director, has acquired 400,000 shares raising his holding to 551,500 (3.56 per cent) — these are held by Genco Investments in which Mr. Peralta has an interest.

JRII ANNOUNCES OFFER PRICE

J. Rothschild International Investments S.A., has announced that the consideration in respect of its recommended offer for the share capital of Sizewell European Investment Trust, is calculated in accordance with the offer document, as follows:

For one new ordinary share and one deferred share of Sizewell 0.14762 "A" shares of JRII.

The entitlement under the cash option which closed on March 11, 1981 is approximately equivalent to an amount of 97p per existing ordinary share of Sizewell.

The provisions of section 209 of the Companies Act 1948 will be exercised by JRII in due course in order to acquire compulsorily any outstanding shares of Sizewell. The offer became wholly unconditional on March 11.

JAYPLANT-CRF HIRE

Jayplant, the plant hire contractor, has made a bid for CRF Hire, which hires cars and commercial vehicles.

Jayplant intends to pay for the acquisition by the issue of 1,117,857 ordinary shares, which values CRF at £117,370. Jayplant shares, traded under Rule 163, closed up ½p at 10½p.

CRF made a pre-tax profit of *£12,978 on a turnover of £222,079* for the period to July 31, 1980. CRF trades from freehold premises at Holme Road in Cambridge.

PUBLISHERS SOLD

London publishers Heyden and Son has acquired the medical publishing company HM+M from the Hunt Barnard Printing Group of Aylesbury. Heyden, publishers of journals and books on computing, chemistry and engineering, has sales in excess of £4m.

Western Selection puts final deadline on Negretti offer

Western Scientific, the institution-owned holding company, is continuing to meet shareholders' resistance to its 25p offer for Negretti and Zambia, the ailing instruments group.

Acceptances received in the past week represent a further 2.6 per cent of the ordinary and deferred shares, bringing total acceptances to 81.5 per cent.

Western said yesterday this level of acceptance was not satisfactory and that it was extending its offer for the second and last time until March 31, 1981.

The company added that its offer would not be declared unconditional unless either 90 per *cent of shareholders had accepted* it or the group could be certain of that level of acceptances. Western reaffirmed yesterday it did not intend to raise its bid.

Shares in Negretti rose 8p on Tuesday to close at 33p, but slipped back to 30p yesterday. Before the bid, Negretti's shares were quoted at 30½p.

Western Scientific and Negretti will be writing separately to shareholders tomorrow in an attempt to gain their support for the bid.

The offer for Negretti is to be a prelude for a £2.5m capital injection into the company, which recently announced pre-tax losses of £455,000 in the six months to September last year, similar to the scale of losses in the comparable period.

Western Scientific, backed by Electra Investment Trust and venture capital groups acting for the National Coal Board pension funds, Touche Remnant trusts, *and Commercial Union, plans to* recapitalise Negretti, which is intended to be part of a larger private scientific instruments group.

The National Enterprise Board and the Industrial and Commercial Finance Corporation, which together hold just under half the shares, and the board of Negretti have agreed to accept Western's offer.

ASSOCIATED DEALS

S. G. Warburg and Co., as an associate of Lloyds and Scottish sold on behalf of discretionary investment clients on March 17, 60,000 ordinary 20p shares of Lloyds and Scottish.

E. B. Savoury Mills and Co. on March 17 bought 15,000 Eva Industries ordinary shares at 40p for Central Province Ceylon Tea Holdings, a wholly-owned subsidiary of Anglo-Indonesian Corporation.

R. STENHOUSE

Kelvin Tank Services, the Scottish oil recovery and recycling company, has been acquired by Roderick Stenhouse of Glasgow for over £1m.

Kelvin Tank Services was established at Kilsyth in 1970 to specialise in the disposal of liquid waste materials. It introduced in 1979 the first ultra-filtration plant in Scotland for the treatment and safe disposal of waste oil emulsion.

This is now one of the main processes in the company's reclamation of oil for use as industrial fuel and lubricants. Expansion work in progress has been planned to double the current output of recycled oil annually.

B. & H. $1m property deal in California

Burnett and Hallamshire Holdings, through its subsidiary Hallam Overseas has acquired 76 per cent of British and Continental Development Corporation Inc., a privately-owned corporation registered in California, for $1.2m from K. S. Holdings Inc. which retains the remaining 24 per cent.

BCDC owns the rights to two major developments, the first of which comprises a 13-acre office development at cripps Ranch, north of San *Diego.* The second is a 400-acre residential development at Mesa rande, Hemet, east of Los Angeles, and will comprise the building of 00 luxury homes, an 18-hole golf course and a country club.

Hallam's purchase price for the shares is $250,000 with a further $950,000 becoming due when all of the Mesa Grande planning permits have been obtained.

The acquisition follows the sale by Hallam of a 15-unit condominium complex at Pacific Palisades, California, which was acquired for development in 1980 and sold as a completed project for $4m to a California corporation earlier this year.

CLEARANCE FOR DUNDONIAN DEAL

The Inland Revenue has cleared the proposed acquisition by Dundonian of Planned Savings *(Holdings). Approval* has also been given by the Department of Trade concerning the sale of the life assurance subsidiary.

The acquisition, which was subject to the above clearances, was completed yesterday on the payment of £1m as consideration, represented by £350,000 in cash and 812,500 ordinary shares of 20p each in Dundonian, which will rank pari passu with the existing ordinary shares.

Application has been made to the council of the stock exchange for the consideration shares to be admitted to the official list. Following completion, the total issued share capital of Dundonian comprises 11.92m ordinary shares of 20p each, and 2.78m 11½ per cent convertible preference shares of £1 each.

SHARE STAKES

David Dixon and Son Holdings—ESAL (Commodities) has disposed of 20,000 shares reducing interest to 87,500 (4.82 per cent).

A. J. Worthington (Holdings)—P. N. Worthington, director, has acquired 3,800 shares making holding 416,000 (20.8 per cent). R. Foster, director, has acquired 200 shares making holding 6,200 (0.31 per cent).

Vinten Group—Wife of W. P. Vinten, director, has disposed of 100,000 shares leaving holding 1.94m (23.39 per cent).

Sumrie Clothes—H. M. Ross *of Harvey Michael Investments* has acquired 25,000 shares making holding 362,500 (14.5 per cent).

Benlox Holdings—M. A. C. *Buckley,* director, acquired 75,000 shares making holding 475,000 (10.15 per cent).

Dundonian—Richard M. M. Williams, the company's financial director, has acquired a further 50,000 ordinary and is now interested in 100,000 shares.

Homfray and Co.—Mr. C. J. Gilliam, director, and substantial shareholder, has notified the company that 250,000 ordinary shares in which he was deemed to have a beneficial interest were sold by the registered holder on March 13. Mr. Gilliam is now interested in 1.82m ordinary shares (11.78 per cent).

Schroders—Vincitas has ceased to be interested in 306,181 shares, as a consequence of capital appointments made by that company as trustee of certain settlements to beneficiaries who are members of the Schroder family. It is now interested in a total amount of 2,044,306 shares (13.08 per cent).

Findlay Hardware Group—As a result of a recent purchase of 130,000 shares Ferguson Industrial Holdings now owns a total of 494,500 ordinary (18.2 per cent).

Cullens Stores—Control Nominees has acquired 52,499 shares (5.25 per cent).

British Electric Traction—Refuge Assurance Company has disposed of whole of its 5.5 per cent interest in the 8 per cent non cumulative preferred ordinary shares.

Victoria Carpet Holdings—*C. G. F. Anton, director,* has bought 25,000 shares.

Racal Electronics—E. I. Harrison, chairman, sold 10,000 shares at 342p and 20,000 at 343p on March 9.

Reports to meetings

The first-half results of F. Pratt Engineering Corporation would reflect the recession that has hit the engineering industry, Mr. W. G. Friggens, the group's new chairman, warned shareholders at the annual meeting.

But there were some signs that the recession was bottoming out, he added, and there should be a gradual recovery in the specialist fields which the group served *towards the end of* 1981 *and early* in 1982. In the year to October 31 last, profits rose from £836,000 to £992,000.

The second half would benefit by *lower interest charges* resulting from the proposed sale of Hamblin and Wingate and reduced costs following disposal of the Belgrave Square premises and closure of the Winchester factory.

● Another year of sound progress was forecast by Mr. Kenneth Gill, *chairman of* Saatchi and Saatchi Company, advertising agency. He expected 1981 to be the eleventh successive year of profit growth for the company.

A recent survey had shown the agency would be the first choice of Britain's leading manufacturers, he said.

● *At the annual meeting of* Y. J. Lovell (Holdings), construction and timber group, Sir Peter Trench, chairman, repeated his forecast in the annual report that shareholders would not be disappointed by the current year's results.

But he warned that the construction industry had shrunk dramatically, adding: "As an industry we are in the lucky position of knowing that construction must go on despite everything. But when and in what quantity?"

He said that the present position in housing, with about half of the country's needs being *met, cannot continue for long* "without an explosion somewhere."

SPAIN

March 18	Price %	+ or —
Banco Bilbao	280	
Banco Central	332	
Banco Exterior	262	
Banco Hispano	276	
Banco Ind. Cat.	127	
Banco Madrid	141	
Banco Santander	330	+4
Banco Urquijo	179	
Banco Vizcaya	310	
Banco Zaragoza	234	
Dragados	160	
Espanola Zinc	75	
Fecsa	58.5	—0.5
Gal. Preciados	31.2	—0.3
Hidrola	64.7	—0.3
Iberduero	57.2	
Petroleos	91.5	+0.3
Petroliber	70	
Sogefisa	87	
Telefonica	61	—0.5
Union Elect.	64	—0.5

هكذا من الأصل

UK COMPANY NEWS

£3m loss and Howard Mach. omits payment

A PRE-TAX loss of £2.92m is reported by Howard Machinery for the year to October 31, 1980. The farm equipment manufacturer made profits of £1.23m in the previous year. Turnover was down from £85.49m to £72.66m. No dividend for the year is being paid compared with 1.17p last time. There was a pre-tax loss of £56,000 at halfway compared with profits of £484,000 in the corresponding period last year.

There was a tax credit of £13,000 (charge £406,000). After an extraordinary debit of £2.26m (nil) and minorities the attributable loss was £4.36m (profit £82,000). There was a loss per share of 7.4p (earnings 3.1p). The extraordinary items represent the net cost of the continuing rationalisation of the group's manufacturing facilities. The proceeds from the sale of J. Mann and Son amounted to £6.05m.

comment

Howard Machinery has been able to pull £0.8m out of deferred tax, and the extraordinary rationalisation costs have been reduced by tax credits of a similar amount. Otherwise, these figures are as forecast when Howard sought shareholder approval for the sale of its profitable Mann subsidiary last November. Sales were becalmed throughout the year, and production had to be cut to below break-even levels in order to bring stocks down by 20 per cent. Despite these exertions, borrowings mounted; the £6.05m realised by the Mann sale has reduced capital gearing to about half the feverish 110 per cent it would otherwise have been. Property sales could bring in another £2.75m. The shares advanced to their present heights (30p yesterday) following a raid from Diamond Industries, which came into Howard at 24p, and has since added to its stake. Howard's trading prospects are admitted to be still pretty flat, and are probably a much weaker influence on the shares for the moment than speculation over a possible bid from Diamond.

Lawtex in red mid-term

A sharp reduction in sales from £8.57m to £7.29m has pushed Lawtex into the red for the half year to December 27, 1980.

The Manchester-based clothing and umbrella manufacturer reported a loss of £171,000 before taxation, compared with a profit of £253,000 for the corresponding period in the previous year (adjusted for a change in accounting policy on foreign currency translation).

The interim dividend is reduced to 1p, against 1.875p previously. The net total payment last time was 4p.

Extensive destocking by customers and the recession are blamed by the directors for the lower sales and depressed margins.

And they say that although this poor trend has continued into the second half, indications of some measure of recovery are in prospect and they believe results for the second half may show a modest improvement.

The directors say the company is taking every possible step to achieve a return to profit but the rate of recovery largely depends on trends in the UK economy. Any final dividend will be considered in the light of progress in the second half. *In the last full year there were* pre-tax profits of £476,000.

The first-half tax charge was £8,600 (£16,000), representing ACT payable in respect of the dividend, and the loss after tax was £180,500, compared with a profit of £237,100.

A capital profit of £216,000, not reflected in the half-year figures, was realised in January from the disposal of surplus land in Ireland.

MINING NEWS

Big Condor oil shale talks make progress

BY KENNETH MARSTON, MINING EDITOR

A JAPANESE consortium is now getting closer to reaching a deal over the huge Condor oil shale deposit in Queensland with Australia's Central Pacific Minerals and Southern Pacific Petroleum, the partners in the multi-billion dollar Rundle oil shale venture.

The report here last November that Japan National Oil Corporation (JNOC) was interested in Condor is confirmed with the news that it has been holding talks with the Rundle twins on a A$25m (£13m) feasibility study of Condor which is 300 miles north of the Rundle area and is thought to contain three times the latter's oil reserves.

Our Sydney correspondent reports that JNOC was an unsuccessful bidder for Rundle —which is expected to produce between 150,000 and 240,000 barrels of oil a day in the 1990s —but seems to be out on its own in the Condor prospect where full scale development could cost some A$7bn.

The chairman of the Australian consortium, Mr. Ian McFarlane, said that the Japanese would first be required to undertake a two year study of Condor which is likely to *include retort testing of the* shale and cover mining, engineering, financing and marketing. He added that talks have reached an advanced stage.

One possible obstacle seen to an agreement is the Japanese desire for a significant portion of Condor oil to be exported. Mr. Bjelke-Petersen, the Queensland premier, is believed to raise no objections to this, but in Canberra officials feel that Australia needs to safeguard its oil supplies for domestic use.

Exploration at Condor has revealed a 5½-mile strike length of shale with assays indicating an average oil yield of about 62 litres per tonne. Oil reserves are thought to be around 6bn barrels compared with an estimated 2bn barrels for Rundle.

Mr. McFarlane is reported to be optimistic about the future of synthetic fuels in Australia, even to the point at which the country could become a net exporter. "We have found enough shale in Australia to keep us happy for many years," he said, "we are now getting into the development stage."

Cominco's $99m rights issue

CANADA'S Cominco, the metals and chemicals arm of the Canadian Pacific group, is seeking C$99m (£37m) through a rights issue, reports John Soganich *from Toronto.*

The offering is effectively on the basis of one new share for each 10 shares held. Shareholders will receive one right for every share they own, with 10 rights and C$58 in cash securing each of the 1.71m new shares on offer.

Cominco has given no details as to how it will use the funds raised, but the company has spent almost C$800m over the past six years on capital projects and has a heavy current programme

Earlier this year, Cominco spent around C$100m in cash to raise its stake in Bethlehem Copper to 93 per cent, thus paving the way for the development of a 1bn tonne open-cast copper mine at Valley Copper, adjacent to Bethlehem's existing operations in British Columbia.

No decision has yet been taken on this prospect, but it could well cost up to C$500m to exploit.

Development of the company's C$150m Polaris lead-zinc mine in the Canadian Arctic has already begun, and the modernisation of the metallurgical complex at Trail, originally scheduled to cost C$425m, is now expected to be much more expensive.

The success of the issue is already assured. Canadian Pacific Enterprises, which owns 54 per cent of Cominco, has said that it will take up its rights in full, and tender for any shares not taken up by other holders.

Anyone subscribing to the rights issue may tender for these shares, and they will be allotted pro rata, in a move designed to ensure fair treatment for all holders. CPE faced criticism on this count over a recent issue by another subsidiary.

As usual with rights issues by *Canadian companies, the offer is* only open to resident shareholders in view of the difficulties of obtaining the approval of the *U.S. authorities.* Royal Trust Company will handle the sale of rights accruing to the approximately 7 per cent of Cominco shareholders believed to be resident outside Canada.

'Johnnies' to buy out minority in Tavistock

SOUTH AFRICA'S Johannesburg Consolidated Investment ("Johnnies") mining and industrial group plans to acquire the 50 per cent of the coal producer Tavistock Collieries it does not already own, reports Jim Jones from Johannesburg. This will involve the purchase of around 1m shares.

Trading in Tavistock shares was suspended in Johannesburg yesterday at 6,250 cents (£35.41). Johnnies has yet to finalise the price at which it will offer to buy out the minority, but it is believed that this will be between 15 and 20 per cent above the suspension price.

For some months now, Johannesburg analysts have been speculating as to what Johnnies intended to do with its growing cash resources. At the year-end on June 30, 1980, the group disclosed cash resources of £56.5m (£32m), following a R40m issue of preference shares.

During the six months to December 31, a further R43.9m was retained.

Johnnies has not yet revealed its plans for the development of Tavistock once it becomes a wholly-owned subsidiary, but the parent group has extensive coal rights close to Tavistock's mining operations

Until recently, when it signed a 30-year agreement with Total Exploration South Africa, a subsidiary of the French oil company, to export an annual 1.25m tonnes of coal, Tavistock's relatively unprofitable South African domestic market.

State-controlled pithead prices in the domestic market were increased by an average of 12.8 per cent in January, and now range between R9.04 (£5.12) and R11.40 a tonne, compared with the current export price of around U.S.$40 (£17.87) a tonne through the terminal at Richards Bay.

Tavistock has been in the forefront of negotiations with the Government to acquire export allocations when throughput at Richards Bay is increased beyond the annual 44m tonnes currently targeted for 1984.

It is widely believed that the latest deal will pave the way for the establishment of a new colliery, drawing from Tavistock's existing operations and Johnnies' coal rights, to service the export market.

Second-half slide leaves Tilling lower

A DONWNTURN of £11.7m to profits of £40.6m in the second half has left Thomas Tilling Group with a surplus before tax of £70.7m for 1980, compared with £81.1m in the previous year.

At the midway stage profits were £1.3m ahead at £30.1m but the directors of the group, whose diverse interests include construction, engineering medical supplies and insurance, remarked that business conditions in the UK had deteriorated sharply in the second quarter and orders had fallen below expectations.

The final dividend is held at 4p for a net total of 7.5p against 7p for 1979, absorbing £19.8m (£18.1m).

Sales rose from £1.42bn to £1.7bn and the pre-tax profit—reduced to £31.9m (£47.6m) by current cost adjustments—was struck after interest charges of £28m, against £22.5m.

Tax takes £14.1m (£10.5m), relieved by £23m (£32m) mainly through stock relief and accelerated capital allowances. Minorities absorb £0.3m (£0.4m) and after extraordinary debits of £4.3m (£3.1m) and dividends the retained balance emerges as £31.7m (£48.5m).

Earnings per 20p share are shown down from 29.4p to 21.5p.

Investments during the year included £50m on acquisitions and £57m on fixed assets, and net borrowings increased by £6m to £157m. The directors say balance sheet gearing, expressed as a percentage of total funds employed excluding goodwill, was reduced from 28 to 27 per cent.

Reserves rose from £272.5m to £303.8m at the year end and net tangible assets per share amounted to 156p (146p).

See Lex

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals.

TODAY

Interims:—A. and J. Mucklow, New Central Witwatersrand Areas, Pressac, Reliable Properties, Second City Properties, F. W. Thorpe, Wolseley-Hughes.

Finals:—Boddington's Breweries, Britannia Arrow, Cadbury Schweppes, T. Clarke, Hall Engineering, Hawley Leisure, Hepworth Ceramic, Lex Service, Liverpool Daily Post and Echo, Philips' Lamps, Sale Tilney, Sharpe and Fisher, Steetley, Transatlantic Market Trust, Tricentrol, Williams and James (Engineers).

FUTURE DATES

Interims:—	
Boulton (William)	Mar. 26
Finals:—	
Aquascutum	Apr. 7
Berkeley Hambro	Mar. 26
Boustead	Apr. 21
Coates Bros.	Mar. 26
Lambert Howarth	Mar. 23
Rockware	Mar. 25
Solicitors' Law Stationery Soc.	Apr. 15

Cement Roadstone jumps to record IR£25m

THE LEADING Irish building materials group Cement Roadstone Holdings raised pre-tax profits by IR£1.09m to a record IR£25.23m for 1980 on sales up 17 per cent to £301.24m.

Stated earnings per 25p share increased from 13.74p to 14.59p and the final dividend is 3.23p (2.8p), making a net total for the year of 5.33p (4.62p)—an increase of 15.4 per cent.

The directors say the recession in the Irish construction industry reduced volumes and profitability in most Irish operations. Sales of cement in Ireland fell 12.1 per cent to 1.82m tons.

But the profits of the UK subsidiaries, Forticrete and Henderson, again advanced and in the Netherlands Van Neerbos recorded substantially higher profits.

The strategic location of the group's U.S. subsidiaries, Amcor, Carder and El Paso, in the energy-rich mountain states also ensured that they prospered.

The directors say they will continue to budget for profits progress in spite of the uncertainties caused by the recession.

The surplus, which was given after charges including depreciation of £12.32m (£10.23m) and interest of £4.92m (£3.99m) and earnings from associated companies of £1.86m (£2.12m) was subject to reduced taxation of £150,000 against £1.02m last time.

The profit attributable to ordinary shareholders was ahead at £26.26m (£22.65m).

Group borrowings rose from £37.94m to £47.18m and the net current assets at December 31, 1980, are shown as £252.02m (£206.62m).

The directors announce that an end of year professional revaluation of land and buildings resulted in a surplus of £18m over book value.

After current cost adjustments, the pre-tax surplus is reduced to £9.74m, down from £12.97m in the previous year.

● comment

Cement Roadstone has done extremely well under difficult circumstances. Despite a 12 per cent volume drop in Irish cement sales, the business increased its profits by lowering its imports (200,000 tons less) and raising prices. The UK companies also did well because of North Sea related operations and a cost efficient masonry block business. In the States, the company is profiting from Rocky Mountain oil and gas related contracts. The Netherlands, although basically in recovery, also brought happy news from the DIY market. Cement Roadstone is not highly geared, has a monopoly position (cement) in the Republic of Ireland and is probably Ireland's largest capitalised company (around £Ir170m). In addition, it is hardly paying tax because of large-scale capital investment at Limerick. The shares, up 4p yesterday to 80p provide a stated p/e of less than 7 and a yield of close to 8 per cent—all good news.

Setback for James Walker

PRE-TAX profits of James Walker Goldsmith and Silversmith, the retail and wholesale jewellers, were almost halved in the first six months to October 31, 1980, although turnover increased from £10.32m to a record £11.6m.

The taxable surplus was £670,000, against £1.33m for the corresponding period in 1979.

Tax took £348,000, against £690,000 last time, and the stated earnings per 25p share were 1.58p, compared with 3.14p. The interim dividend is maintained at 1p—last year's total was 4p from pre-tax profits of £4.02m.

In a statement, the chairman says the substantial increase in turnover results from recent acquisitions and the drop in profitability stems from a change in consumer demand and a substantial increase in overheads.

He says the current trading situation is satisfactory and it is anticipated that in the absence of unforeseen circumstances the final dividend will be maintained.

Scottish Equitable puts more in overseas equities

THE Scottish Equitable Life Assurance Society last year invested £22m of its new money in overseas equities, mainly in Japan, accounting for 29 per cent of total money available amounting to £76m. This raised the proportion of overseas equities in its portfolio totalling £557m, from 5 per cent to 10 per cent.

However, the company pointed out that 1980 was an exceptional year. It had taken advantage of the strength of sterling and the lifting of exchange controls to boost overseas investment. In future it intends to maintain the proportion of overseas equities at around 10 per cent of the portfolio.

Thus investment in other sectors last year was cut back. The company put £29m in gilts, £10m in UK equities, £11m in property and £1m in mortgages. At the end of 1980, gilt holdings at £245m accounted for 44 per cent of the portfolio and property, at £86m, a further 15 per cent. One fifth of the portfolio was in UK equities.

Premium income last year improved by 5 per cent from £82.4m to £84.7m and investment income by one-quarter from £40.3m to £50.5m. Claims were 80 per cent higher at £36.5m and the life funds at the end of 1980 totalled £504m against £416m at the beginning.

The Society has entered the first mortgage market, in addition to granting "top-up" mortgages, the finance coming from its banking contacts. The company sees this development as one of its major growth areas, especially when the house purchase market revives. The company also confirmed that it would be encouraging insurance brokers to register and it was no longer prepared to grant agencies to those tied to other insurance companies.

Vimto holds profit in 9 months

Taxable profits of J. N. Nichols (Vimto) for the nine months to December 31, 1980—the group's new accounting date—were virtually the same as for the preceding year at £1.84m against £1.81m. Turnover was well ahead at £14.84m compared with £10.12m.

A final of 4p effectively maintains the net dividend at 7p. Stated earnings per 25p share after tax of £871,000 (£885,000) are 20.8p. Last year's figure was 23p after adjustment for a one-for-one scrip and shares issued in connection with the acquisition of Solent Canners.

The results include profits of Solent for six months.

£2m tender offer of pref. stock by West Hampshire

THE West Hampshire Water Company is offering £2m of redeemable preference stock by tender.

The stock carries a coupon of 8 per cent and a minimum price of £102 per cent, producing a gross redemption yield of 10.9 per cent or 16.18 per cent for those able to take advantage of franked investment income. The running yields at £102 are 11.2 per cent and 16.34 per cent respectively. The stock is redeemable at par on June 30, 1986.

The stock is denominated in amounts of £100 and applications, accompanied by a £10 deposit per £100 nominal, must be received before 11 a.m. on March 25.

The first dividend, amounting to £1.830 per cent, will be payable on July 1, 1981, and thereafter, dividends will be payable half-yearly on January 2 and July 1.

Brokers to the issue are Seymour Pierce and Co.

● comment

There are now three recent 8 per cent water issues on the market and all are bid at about a 2 point premium over par with little stock on offer. The lowest tender to obtain a partial allotment on the Sutton issue on the day after the Budget was £102.26. So the setting of a £102 minimum tender on the West Hampshire issue looks safe enough, and if interest rates start to ease, as expected, it may be necessary to bid £103 to obtain stock.

Banro falls in second half

AS FORECAST at the interim stage, there was a downturn in activity at Banro Consolidated Industries during the second six months of 1980. This meant that pre-tax profits for the period were halved at £300,000 leaving the total figure for 1980 down from £1.16m to £901,497, on turnover over £4m ahead to £19.9m.

Mr. Edward Rose, the chairman, says profits for the first half of the current year are likely to be at a lower level than last time. But helped by the introduction of new products, profitability is expected to improve in the second six months, and future prospects are viewed with confidence.

The finances of the group remain sound and although after-tax earnings per 20p share fell from 17.2p to 15.2p, the dividend total is being maintained at 3p net with a final of 2.425p.

The group's main activities comprise the manufacture of framed windows, rolled sections, pressings, motor car components and continuous plating of metal.

Etablissements Farnier et Penin SA, the French subsidiary, made a very good contribution to group profits.

Banro has intensified its efforts to pursue new diversified products and has purchased from a German company, a technical aid licence to manufacture and market Lignotock, a lightweight wood and resin based car trim.

Full-year tax charge was much lower at £12,392 (£221,360) and after minorities, net available profits came through at £830,940, against £932,820. The dividend again costs £160,737.

Setback for Jamesons Chocolates

On turnover down from £6.66m to £6.31m, Jamesons Chocolates, confectionery manufacturer, saw its pre-tax profits fall from £516,522 to £322,754 during 1980.

At mid-year profits had slumped from £210,000 to £70,183 but recovered to £252,571 against £306,522 in the second half.

After a tax credit this time of £67,935 compared with a charge of £186,382, net profits were ahead at £390,689 (£330,140) and earnings per 10p share are shown up from 12.7p to 16.5p.

A final of 3p maintains the net total dividend at 4p.

هكذا من الأصل

UK COMPANY NEWS

BSR dives to £17.7m loss for year

LOSSES AT sound reproduction and consumer products group, BSR, have accelerated sharply in the second six months to January 10, 1981 resulting in a full-year loss before tax of £17.66m, against profit of £3.55m previously. In the light of the very disappointing results, no dividend is being recommended, compared with 2.8258p last time.

At halfway, the group reported a pre-tax loss of £3.44m (£2.55m profit).

On current year prospects, however, Mr. John Ferguson, the chairman, says that although a loss is expected for the first six months, it is anticipated that the second half will show a return to profitability, provided the pound does not appreciate over its current levels and the group's wage and indirect costs are kept under control.

On external sales down from £156.2m to £141.3m, overall trading loss was £6.37m, against profit of £7.82m. The sound reproduction division was £6.66m in the red (£5.93m profit) while profits from consumer products fell sharply from £1.89m to £288,000.

Two factories have been closed while all other factories were on a reduced working week for practically the whole year and net redundancy costs soared from £337,281 to £4.8m. Interest payable for the period jumped from £3.9m to £6.46m.

In addition to the strong pound, BSR was hit by its inability to recoup even part of its increased manufacturing costs in the UK through higher prices, because of weak worldwide demand for audio equipment. The increasing competition of new audio or visual consumer products also took a toll.

There was a tax credit for the year of £4.98m (£0.56m charge) and loss per 10p share, before extraordinary items, came out at 14.69p, compared with 3.3p earnings.

Extraordinary charges were up from £1.09m to £2.91m and comprised the costs incurred in closing factories in Scotland and England, most of which represents the write-down of plant and machinery to their current realisable value. After minorities, the group was left with a deficit of £16m (£668,912 after dividends of £2.52m).

Working capital has been reduced in line with lower levels of activity throughout the group and as a result, net short term borrowings at the year end were roughly the same as 12 months' earlier.

Turnover of the sound reproduction division fell from £101.2m to £88.9m with the contribution lower everywhere except Astec International, in which a majority holding was acquired last May.

Sales of record changers were substantially down in all markets which in turn affected sales of magnetic cartridges from ADC, as a substantial part of their output is fitted to BSR products. While consumer sales of dbx equipment were satisfactory in the light of market conditions, sales to professional studios were very disappointing.

Although sales of the consumer products side dropped by only £2.6m to £52.4m this was achieved at the expense of margins in order to maintain market position.

Although sales for the first two months of this year are period of 1980, the chairman says, there are grounds for believing that, despite the depressed economic conditions throughout the world, the level of activity in practically all group companies will continue to improve.

In the sound reproduction division all factories are either working a five-day or a four-day week and it is anticipated that the normal working week will apply to every factory shortly. Astec International has expanded its facilities in Hong Kong to meet an ever increasing demand and the outlook for this company is most encouraging.

For the last few months there have been discussions regarding the acquisition of another group with facilities in the Far East. Negotiations have now reached an advanced stage and provided no major problem arises it is anticipated that all formalities will be completed within the next few weeks. This will then gave BSR a very substantial electronic division within the group. Both ADC and dbx are also experiecing higher levels of demand for their products and they are anticipating a much better year in 1981.

Other than the smaller engineering companies in the consumer products division, all factories are now working normally and production levels of major products will be raised appreciably over the next few weeks.

Consequently the current situation is such that any charge for redundancies will be minimal for this year when compared with 1980. However, strict control will still be maintained on capital expenditure, manning levels and overhead costs in order to maintain the improvement in productivity and break-even levels achieved at some cost over the past year or so.

See Lex

Hugh Mackay plunges into loss

FOR 1980 carpet manufacturer Hugh Mackay plunged to a pretax loss of £114,000 compared with a profit of £535,000, on turnover reduced from £9.95m to £8.56m.

At the half year stage the company made a loss of £336,000 (£374,000 profit) on sales of £4.32m (£4.66m). Then the Board said that two-thirds of this loss had occurred during the first quarter of the year, and that steps had been taken to swing the company back into profit in 1981.

Now the Board states that this action included measures to increase productivity with the introduction of a rigid economy in costs and working capital. This unfortunately involved redundancies it says, but has brought about a return to profitability in the second half of the year.

The current order book for the short-term is encouraging and if this trend continues the board is hopeful that its various actions will have brought the company's fortunes back on to the road of profitability for 1981, although trading conditions generally are still depressed and uncertain.

Stated earnings per 25p share emerged at 2.74p (8.54p). The Board has recommended a final dividend of 2.22p and an interim of 1.4p to make a same again total of 3.62p, no interim dividend having been declared at the half year stage.

● comment

Shares in **Hugh Mackay** responded to a loss for 1980 with a 7p rise yesterday to 38p. The case for pronounced caution in the carpet sector is as cogent as ever but this response can perhaps be justified. The dividend has been maintained and is in no immediate danger this year given net cash balances which have doubled to over £600,000. And the overall deficit disguises a second half profit of £212,000 against £162,000 in the comparable period of 1979. Mackay, moreover, now seems to be in the final stages of shrinking its unit cost base to a more economic footing and has vacated its Freeman's place site which has now been sold, subject to contract. Around 80 per cent of its production goes to contract buyers which offers a degree of protection against a further consumer spending decline and volumes are anyway recovering a little. Further rationalisation costs will be incurred until about June but more redundancy charges seem unlikely. Profits this year could attain a fair measure of recovery and reach, say, £500,000 for a prospective fully taxed p/e of just 7.4. The historic yield of 14.5 per cent provides further underpinning but it may be advisable not to chase the shares too far too soon.

J. Hewitt advances to £0.6m

A SECOND-HALF advance from £224,560 to £321,906 pushed 1980 taxable profits of J. Hewitt and Son (Fenton) ahead to £611,906, compared with £386,560, on turnover £1m higher at £4.98m. The company makes industrial and domestic refractories.

With earnings per 25p share up 5p to 19.2p, the dividend for the year is being raised from 1.5p to 1.8p net.

Tax took £154,906 (£65,399) and there was an extraordinary credit of £63,900 this time. Profit attributable on a CCA basis was £310,000.

J. I. Jacobs trading result down

PROFIT before tax of shipowner and shipbroker John I. Jacobs came out at £1.34m in 1980—the same as in the previous year.

However trading profit dropped from £747.501 to £168,192 on turnover of £1.41m (£1.77m). Investment income came out at £765,369 (£611,801), profit on realisation of investments £24,739 (£50,312), release of provision for diminution of investments £332,062 (£80,444 charge), and the associate's share £49,624 (£6,652).

At the half year stage, when there was a pre-tax profit of £745,000 (£653,000), the directors stated that earnings from trading would be unlikely to match those of 1979.

Tax for the year took £298,642 (£680,403) and after deducting £28,355 (£2,401) for profit retained by the associated company, the attributable surplus came out at £1.01m (£653,018). Stated earnings per 20p share are shown as 4.52p (2.84p).

The directors propose to pay a final dividend of 1.6p and a special centenary dividend of 0.5p, lifting the year's total to 2.8p (2.1p). This absorbs £645,120 (£483,840), and after deducting £26,000 (£23,625) for a final dividend waived by a director, the profit transferred to reserves is £393,869 (£192,803).

On a current cost basis pre-tax profit comes out at £1.26m and retained profits at £317,869.

Trafford Park reaches £0.91m at midway stage

Pre-tax profits of Trafford Park Estates, the Manchester industrial and commercial property developer, increased to £911,000 for the six months to December 31, 1980, against £705,000 for the same period in 1979.

Turnover for the half year was up from £2.08m to £2.58m. Tax took £398,000, compared with £313,000 previously.

The interim dividend is raised from 2.25p to 2.75p—a total of 6p was paid last year.

Lower outturn for Waverley

SECOND-HALF pre-tax profits of Waverley Cameron, Scottish stationery manufacturer, fell from £263,055 to £146,569 resulting in the figures for 1980 as a whole dropping from £378,416 to £227,425. Turnover was also lower at £2.72m against £2.88m.

After a tax credit of £79,257 (charge £145,399) net profits came out at £306,682 compared with £233,017. Stated earnings per 25p share have climbed from 24.01p to 31.68p, and the net dividend is effectively held at £3.75p.

Deferred tax for stock release written back amounted to £172,896 (£61,697).

ASSOCIATE DEALS

Grenfell and Colegrave as an associate of Avana Group on March 13 sold on behalf of discretionary clients 6,000 Avana at 203p and 8,000 Robertsons Foods at 139p.

Tilney and Co. sold on Friday 90,000 Greenbank Trust shares for associates of Greenbank.

LEASING AND LEISURE TO BE SEPARATED

Sea Containers to split businesses

BY WILLIAM HALL, SHIPPING CORRESPONDENT

SEA CONTAINERS, the world's leading lessor of marine equipment, plans to split its business and seek separate stock exchange listings for its container activities and its investments in leisure and property.

At present Sea Containers is composed of two independent companies, Sea Containers Inc. of New York, which was incorporated in 1965, and Sea Containers Atlantic Ltd., which was established in Bermuda in 1974. The shares of these two companies are "paired" and trade as a unit on the New York, Pacific and London Stock Exchanges.

One of the main reasons for the "pairing" of the two companies was to enable shareholders to obtain the benefits of directly owning shares in a company which was not subject to tax. Consequently, Sea Containers Inc's earnings are subject to taxation while Sea Containers Atlantic tends to operate in jurisdictions which do not tax corporate earnings.

However, Sea Containers has been worried about the possible introduction of U.S. legislation which could have adverse tax consequences for "paired" companies.

As a result it intends to seek shareholders' permisison to sever the links between the two companies. In addition to reducing the potential tax problem it will give the two sides of the group's business a clearer identity.

Sea Containers Atlantic is to change its name to Sea Containers Ltd. It will be a marine container equipment lessor with earnings generally not subject to tax. Sea Containers Inc., the leisure and property company, will be renamed Sea Co. Inc. and will be a "vehicle for investment in selected industries having great growth and profit potential in the decades ahead," acording to Mr. James Sherwood, Sea Containers' president.

News of the plans to split the group accompanied the announcement of the 1980 results. Group net income rose by 28 per cent to $40.4m, in line with earlier forecasts.

However, the profits include $21m of gains from the sale of container equipment and real estate. When these are stripped out pre-tax profits fell by some 30 per cent to $15.7m, despite a 15 per cent increase in revenues to $180.6m.

The main problem for the group in 1980 was high interest rates. Earnings on container and ship leasing, the group's main activity, fell last year.

Kodak to invest $82m in Brazil

By Rik Turner in Sao Paulo

KODAK DO BRASIL is to invest Cr 6bn ($82m) in a project for the production of photographic film, which at present it has to import. The company has operated in Brazil for 61 years, but this is its first venture into film production. Previously it restricted its activities to the production of cameras, paper and chemicals for industrial purposes and microfilm equipment.

The company is expanding its operations, which are based at its factory in the state of Sao Paulo.

Kennecott insider trading alleged

BY PAUL BETTS IN NEW YORK

THE RASH of acrimonious allegations of insider trading involving a series of recent large takeover bids has spread to the $1.77bn proposed acquisition by Standard Oil of Ohio (Sohio) of Kennecott.

A Federal judge in Chicago yesterday issued a temporary restraining order barring Bear, Stearns and Co., a leading Wall Street investment firm, from distributing to clients trading profits from recent Kennecott call option transactions because of allegations that some of the firm's clients had exploited insider information concerning Sohio's bid

The court ruling followed suits filed by two Chicago traders and a Chicago brokerage firm charging that clients of Bear, Stearns made about $5m on 2,000 Kennecott call options bought days before last Thursday's Sohio-Kennecott takeover announcement.

The latest allegations follow similar charges of insider trading in connection with Standard Oil of California's bid of up to $4.3bn for AMAX and Seagram Company's $2bn bid for St. Joe Minerals Corporation. The Sohio, Socal and Seagram bids — for a total of $8bn were all announced in the past fortnight.

The Securities and Exchange Commission, together with the New York Stock Exchange and the American Stock Exchange, are now investigating the insider trading allegations.

In the latest case involving Kennecott, Mr. Stanley Roszkowski, the Chicago judge, said yesterday "There is good cause to believe that such customers of Bear, Stearns and Company who acquired the calls did so based on unlawful exploitation of material inside information."

General Atomic reactor considered by U.S.

BY DAVID FISHLOCK, SCIENCE EDITOR

GENERAL ATOMIC, owned jointly by Royal Dutch Shell and Gulf Oil, is attempting to re-enter the U.S. market for nuclear reactors, as an agent of the Pentagon.

The U.S. Department of Defense is considering a proposal from the California-based research company to design and build a big new production reactor for nuclear weapon materials.

General Atomic withdrew from the commercial reactor market in 1976, after seriously underestimating the cost and difficulty of building the 10 reactors for which it had orders.

Its proposal for re-entry as a supplier to the U.S. Government stems from Pentagon plans to replace its ageing production facilities for plutonium and tritium.

Britain has been augmenting U.S. production of plutonium with substantial transfers from the plutonium stockpile at Windscale, north-west England, in exchange for tritium and highly enriched uranium.

By the time a new U.S. production reactor is on-stream in the early 1990s the Pentagon's present production facilities will be nearly 40 years old.

Right at the end of the Carter Administration, Congress approved an appropriation of $112m to increase production of "special nuclear materials"—nuclear explosives.

The latest U.S. energy budget proposals, released last week, proposes $93m for nuclear materials production in 1982, almost double the 1980 allocation.

The proposal to re-equip with General Atomic's high-temperature gas-cooled reactor (HTGR) was put forward by Dr. Harold Agnew, former director of the U.S. nuclear weapon laboratory at Los Alamos, who joined General Atomic as chief executive last year.

General Atomic has built a 330 MW demonstration HTGR at Fort St. Vrain, Colorado, shortly expected to go to full power for the first time.

Dr. Corwin Rickard, an executive vice-president of the company, in London as president-elect of the American Nuclear Society, said the company saw the military route as its best chance of re-entering the market. The proposed reactor would produce both plutonium and tritium.

He believes that tritium—an essential ingredient of thermonuclear (hydrogen) weapons—is the Pentagon's most urgent requirement.

Britain has been obtaining tritium for its nuclear weapons from the U.S., under a barter agreement that dates back to the 1950s.

Modest first quarter growth at AT & T

By Our Financial Staff

AMERICAN TELEPHONE and Telegraph, which through its 21 subsidiaries provides almost 80 per cent of U.S. telephone service increased its net income by 8.9 per cent from $1.4bn to $1.52bn in the quarter to February 28.

The modest earnings rise came on an 11.8 per cent increase in revenues from $11.89m to $13.28bn. Per share profits came out at $1.97 compared with $1.93.

Reflecting its status as a controlled utility in the supply of telephone services AT & T also gave cumulative 12 months results showing net earnings 8.1 per cent ahead at $6.17bn against $5.71bn on revenues 11.7 per cent higher at $51.6bn. Earnings per share totalled $8.21 against $8.02.

AT & T operates on a calendar year but reports quarterly results to coincide with the dividend period. In February it announced an increase in the quarterly payment from $1.25 to $1.35 a share.

AT & T said the quarterly results "reflect the combined effects of continuing high costs and slower growth in demand for our services."

Sharp increase in Federal Express profits

By Our Financial Staff

Federal Express, the U.S. package delivery group, doubled its net profits in the third quarter to February 28 on revenues 50 per cent higher at $152.5m.

The net profit of $16.59m compares with the $8.24m achieved in 1980, although the latest figure includes a $5.4m gain from the sale of aircraft. Earnings per share were 81 cents against 44 cents.

For the nine months, profits advanced from $28.32m to $40.57m, with earnings per share at $2 compared with $1.54. The slower growth rate for the nine months reflects the flat first quarter and the more modest growth in earnings of 7 cents a share to 71 cents in the second three month period. However, profits have already exceeded the $38.7m achieved for all of 1979-80. Revenues after nine months were $420m against $294.7m.

Volvo in U.S. oil exploration purchase

By William Dullforce in Stockholm

VOLVO ENERGY, a subsidiary of the Volvo car and truck group has bought Fred Olsen Inc., a petroleum exploration company in Houston, Texas, for about $30m.

Fred Olsen Inc. belonged to the Fred Olsen shipping and industrial group based on Oslo, Norway. The takeover will give Volvo Energy a platform for expansion within the U.S. petroleum market, according to Mr. Gustav Heiberg-Simonsen its managing director.

It has acreage and reserves in Texas and Lousiana, producing small amounts of gas. Volvo Energy intends to use its staff to buy into more concessions.

Volvo Energy has been operating only since last October. It represents Volvo's ambition to diversify into the energy field and to obtain sources of oil and gas.

It has a small share in a concession in the Haltenbank area off northern Norway and 15 per cent shares in two British North Sea blocks, one of which it secured last Friday through participation in a group led by Tricentrol.

Nestle Canada bid 'requires U.S. approval'

By John Wicks in Zurich

NESTLE HAS applied to the U.S. Federal Trade Commission for approval of the proposed acquisition in Canada of the frozen foods division of Robin Hood Multifoods of Montreal by Nestle Enterprises of Ontario. Robin Hood is wholly owned by International Multifoods of Minneapolis.

The unusual step of seeking FTC permission for a Canadian transaction is the result of a U.S. consent decree affecting the Swiss group as parent of Libby and Stouffer, the U.S. food companies. Nestle must obtain FTC approval for the purchase of any frozen foods company whose "activities are in or affect U.S. commerce."

Although Robin Hood manufactures and markets frozen foods only in Canada, it buys raw materials in the U.S. and pays royalties to Stouffer for use of its trademark.

INTERNATIONAL CAPITAL MARKETS

EIB plans tap offer of up to $200m on yield basis

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THREE NEW fixed rate dollar Eurobonds were announced yesterday as short-term Eurodollar rates slipped below 14 per cent for the first time this year. One of the issues, for the European Investment Bank (EIB), is believed to be the first Eurobond to be offered solely on a yield basis.

Lead manager Credit Suisse First Boston is offering the $75m. eight-year issue without any formal indication of coupon or price. These will only be set in the light of market response on Friday, but current thinking favours a coupon of around 12⅞ per cent and issue price of 95.

The issue wil lbe a tap stock and up to $200m altogether may be sold in the next three months.

The two other bonds are: $30m over five years for Finance For Industry with a coupon of 14 per cent and issue price of par through S. G. Warburg and Merrill Lynch; and $50m for Genstar, the Canadian concern, over ten years with a coupon of 14⅞ and issue price of at least 99.

Ste Generale de Banque is expected to launch the issue today and the amount may be increased if the market response is favourable.

A feature of al lthree bonds is the cautious way they have been structured, with only small amounts on offer at least initially and, in the case of the EIB issue, the novel pricing policy.

This is in marked contrast to previous occasions when the window has opened for new issues in the Eurobond market and underwriters have suddenly found thmeselves swamped with aggressively-prfced paper that was difficult to place.

This technique put a quick stop to incipient ralile in early January and February, but now it appears that issue managers are being rather more careful to nurture market confidence.

Secondary market prices were again higher yesterday in active trading with some interest bein gshown by retail investors. Dollar bonds gained ½ point on the day.

Elsewhere, Deutsche Mark foreign bonds continued to gain, rising by ½ points. The Bundesbank once again intervened in the domestic market with sales of bonds estimated at around DM 165m.

Swiss franc foreign bonds lagged some way behind, rising only ¼ points as the weaker dollar was offset by renewed fears of inflation in Switzerland.

Elsewhere, the underwriting yield in Sweden's £50m bulldog bond was set at 13.57 per cent. Issue price and coupon will be fixed this morning.

Denmark's $100m, sever-year Yankee bond issue has been given a coupon of 14 per cent and issue price of par by lead manager Lehman Bros. Kuhn Loeb.

The $75m 15-year convertible issue for Pepsico has been given a coupon of 8 per cent and conversion premium of 13.4 per cent by lead manager Credit Suisse First Boston.

Pharmaceuticals boost income at Tiger Oats

BY JIM JONES IN JOHANNESBURG

TIGER IOATS, one of South Africa's largest food manufacturers, increased trading profits by 19.2 per cent to R73m (US$92.8m) in 1980, from R61.2m in 1979. Turnover rose to R1.18bn ($1.5bn) from R941m.

Mr. Rudi Frankel, the chairman, says results from the 60 per cent-owned pharmaceutical subsidiary, Adcock-Ingram, were sufficiently better to compensate for lower earnings from the group's fishing interests. These are in the process of being relocated in Peru following a major decline in catches from South African waters.

Throughout last year, Mr. Frankel says, there was a continuing squeeze on margins. But he is confident that, although competition will remain intense and margins tight in 1981, Tiger will record further growth.

The dividend total is 83 cents a share, against 66 cents, from earnings of 324 cents a share, compared with 262 cents.

Marley takeover agreement

By Our Financial Staff

A DEFINITIVE agreement has been reacher on the previously announced acquisition of Marley, the U.S. manufacturers of cooling towers, by Kohlberg Kravis Roberts. Preferred stockholders would receive $33.45 a share plus an amount per share equal to all unpaid dividends.

As previously announced, holders of common stock would receive $38.50 in cash as a liquidating distribution.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday, April 14.

Closing prices on March 18

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco 13¼ 88	75	97⅛	97⅝	+0⅛	+2¼	13.78
CECA 11½ 88	100	89⅞	90⅜	+0½	+1½	13.73
CNE 12¾ 91	100	93⅞	94⅜	+1⅛	+2⅛	13.86
Citicorp O/S Fin. 10 86	300	87½	88	+0⅛	+1⅜	13.34
Citicorp O/S Fin. 12 87	200	92⅞	93⅜	+0½	+1⅞	13.60
Con. Illinois O/S 9¾ 86	150	85¼	85¾	+0½	+1⅜	13.75
Denmark 11¾ 90	100	86⅞	87⅜	+0⅛	+1⅛	14.33
Dupont Canada 13½ 91	65	97⅛	97⅝	+0½	+1⅛	13.94
EEC 11 85 (May)	75	82	82½	+0⅛	+1⅞	13.92
EEC 11 85 (August)	70	80¼	80¾	+0½	+1⅜	14.23
EIB 13¾ 90	100	98⅜	98⅞	+0⅛	+1⅞	14.00
Eksportfinans 9½ 87	75	83¼	83¾	+0½	+0⅞	13.51
Eldorado 13¼ 85	50	97¼	97⅝	+0⅛	+1	14.01
Elec. de France 10 88	125	83⅞	84⅜	+0⅛	+1⅜	13.53
Elec. de France 13 88	125	97	97½	+0⅛	+2	13.62
Export Dv. Cpn. 12¾ 87	100	96⅛	96⅝	+0⅛	+2	13.60
Export Dv. Cpn. 9½ 86	150	85⅜	85⅞	+0⅛	+1⅜	13.74
Fed. Bs. D. 12⅞ 85 (N)	50	95	95½	+0⅛	+0⅞	13.64
Fin. Exp. Credit 10½ 85	50	87½	88	+0⅛	+0½	14.48
Finland, Rep. of 9½ 86	100	82⅞	83⅜	+0⅛	+0½	14.48
Ford Credit O/S 14¾ 83	150	99¾	100¼	+0½	+1⅛	14.59
Ford Cr. O/S Fin. 16 84	150	103⅝	104⅛	+0¼	+0⅛	14.24
Gaz de France 13½ 86	80	99⅞	100⅜	+0⅛	+1⅞	13.43
GMAC O/S Fin. 12 87	100	91	91½	+0⅛	+2¼	14.09
GMAC O/S Fin. 12⅞ 88	100	93⅞	94⅜	+0½	+1⅞	14.25
Gen. Mtrs. O/S 11¾ 87	100	90¼	90¾	+0⅛	+1⅛	14.04
GTE Fin. 13¾ 86 (WW)	50	98⅜	98⅞	+0⅛	+0⅛	13.90
Hudson's Bay 11½ 90	75	86⅝	87⅛	+0⅛	+1⅛	14.10
IBM Wld. Trade 12½ 88	200	97⅝	98⅛	+0⅛	+2½	12.94
Newfoundland 13½ 90	60	96¼	96¾	+0½	+1⅞	14.20
Nova Scotia 10¾ 90	50	84¼	84¾	+0½	+1⅞	13.80
OKB 10 85	50	88½	89	+0½	+1⅛	13.56
Ontario Hydro 13½ 91	100	97¼	97¾	+0⅛	+1⅛	13.99
Quebec Hydro 11½ 92	100	84⅞	85⅜	+0½	+1⅞	14.20
Queb. Hy. 13 91 (WW)	100	93¾	94¼	+0⅛	+1⅜	14.17
Roylease 11¼ 85	50	92¼	92¾	+0¼	+1	13.69
SNCF 12⅝ 85	50	96⅝	97⅛	+0⅛	+1⅝	13.37
SNCF 13 91	75	95¾	96¼	+0⅛	+1⅞	13.75
Sven Handelsbk. 13¾ 88	45	97¼	97¾	+0½	+1⅜	14.35
Sweden 12⅞ 85	150	95⅛	95⅝	+0⅛	+1⅛	13.72
Swed. Ex. Credit 12 83	50	94⅝	95⅛	+0¼	+0⅝	14.45
Swed. Ex. Credit 13 86	75	96	96½	+0½	+1¼	14.09
Tribune O/S Fin. 14 86	50	99	99½	+0½	+1⅜	14.21
World Bank 9¾ 85	200	88⅜	88⅞	+0⅛	+1	13.27
World Bank 10¼ 87	300	86⅜	86⅞	+0⅛	+1⅝	13.53

Average price changes... On day +0½ on week +1⅞

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asia Dev. Bk. 8⅝ 90	100	90½	91	+1⅛	+2¼	9.92
Australia 8½ 90	250	94⅞	95⅜	+1⅛	+3⅞	8.94
Austria, Rep. of 8¾ 92	150	90	90½	+1	+1⅜	9.66
BFCE 8⅛ 95	100	87⅛	87⅞	+0⅛	+1⅜	9.81
CECA 7⅞ 92	150	88	88¼	+0½	+1½	9.58
CII-Honeywell 8½ 90	125	91⅛	91⅞	+0½	+1⅛	9.79
Denmark 8¼ 92	100	89½	90¼	0	0	9.80
EIB 8½ 90	200	92¼	93	+0⅛	+0½	9.70
ESCOM 9¾ 87	100	91⅞	92⅜	−0⅞	+0⅛	10.99
Iberduero SA 9 90	100	92⅛	92⅞	+0½	+1⅛	10.27
Ind. Bk. Finland 8½ 90	50	90⅝	91⅛	+1¼	+3⅛	9.88
Japan Air Lines 8⅛ 87	100	93⅛	93⅞	+0⅛	+0⅛	9.47
Japan Dev. Bank 7⅞ 87	100	89⅞	90⅜	−0⅛	+1⅛	9.71
Kobe, City of 8 90	100	90⅛	90⅞	+1	+1⅞	9.55
Midland Int. Fin. 8½ 90	180	93⅜	94⅛	+0⅞	+2⅛	9.51
Norway 7½ 85	250	94⅛	94⅞	+0½	+0⅞	9.25
Nuclebras 9¾ 88	100	88	88⅛	+0⅛	+1½	12.64
OKB 8¼ 92	150	88⅛	89¼	+0⅝	+1⅛	9.94
Oslo, City of 8¾ 90	80	94⅜	95⅛	+0⅛	+1⅞	9.80
Venezuela, R. of 9¾ 90	150	93¼	94	+0⅛	+0⅛	10.83
World Bank 8 90	700	89⅛	90	+0⅞	+1⅜	9.72
World Bank 10 86	150	102⅛	102⅞	−0⅛	−0⅛	9.35
World Bank 10 90	200	101⅞	102⅜	0	+0⅛	9.61

Average price changes... On day +0⅛ on week +1¼

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria, Rep. of 5¾ 90	100	92½	93	−0⅛	+2⅞	6.42
BFCE 6½ 91	100	101½	101¾	0	+0⅛	6.27
Bayer Int. Fin. 5¾ 92	100	92	92½	+0⅞	+0⅛	6.21
Bergen, City of 6 90	50	96½	96¾	0	+1	6.49
Buhrm'n-Tetterode 7 90	40	101⅛	101½	+0⅛	−0½	6.79
Copenhagen Tele. 5¾ 90	60	91⅛	91⅞	+0⅛	+1⅛	6.96
Denmark 5¾ 90	80	†90	91	−0⅛	+1⅛	7.18
Dome Petroleum 5½ 91	100	93⅞	94⅛	+0⅛	+0⅛	6.59
Elet. de France 5¾ 90	100	†92	92½	0	+1⅛	6.35
Eurofima 5¾ 92	80	99⅛	99½	−0⅛	−0⅛	5.82
F. G. H. Hypo. Bk. 6 90	50	†96⅛	96⅛	0	+1	6.51
Finland, Rep. of 5⅝ 90	80	†91	92	−0⅛	+1⅛	6.87
Int.-Amer. Dev. 7 90	80	†101	102	−0⅛	+0⅛	6.77
Japan Dev. Bank 5¾ 90	100	†94	95	−0⅛	+0⅛	6.54
Jutland Tele. 5½ 90	50	88½	90	+0⅛	−0⅛	7.17
Mt. Blanc Tunnel 5½ 90	80	†92	92½	−0½	+1	6.62
Newag 5¾ 90	80	92	92½	−0⅛	−?	6.80
Norges Komm. 4¾ 91	100	84½	84¾	0	+1⅛	6.42
OKB 6 90	100	95¾	96	+1⅛	+0⅛	6.62
Oslo, City of 4¾ 91	100	81⅛	81⅞	+0⅛	+0⅛	6.95
Oslo, City of 5⅞ 90	80	†94	94¾	0	−0⅛	6.72
Philips Lamps 5¾ 92	100	†90	90½	+0⅛	+0⅛	6.49
Sekisui Pre. Hms. 6 90	80	†95	96	+0⅛	+1⅛	6.66
Trade Dev. Fin. 6¼ 90	50	95⅞	96⅛	+0½	+2⅞	6.70
Voest-Alpine 5¾ 90	80	†93	94	+0⅛	+0⅛	6.69
World Bank 6 91	100	94⅞	95⅛	+0⅛	+0⅛	6.70

Average price changes... On day +0⅛ on week +0⅜

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	93⅝	94⅜	+0⅛	+1⅛	8.32
Australia 6½ 88	20	87½	88¼	+0⅛	+0⅛	8.85
EIB 7¾ 89	12	93⅞	94⅜	+0⅛	+0⅛	8.82
Finland 5.6 83	10	92⅛	93⅛	+0⅛	+0⅞	8.78
Finland 6.8 88	10	87⅞	88⅜	+0⅞	+0⅛	9.15
Finland, Rep. of 8⅛ 87	15	97⅞	98½	+0⅛	+1⅛	8.82

Average price changes... On day +0⅛ on week +0⅜

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¼ 86 CS	60	91⅛	92⅛	+0⅛	+0⅛	12.88
CIBC 13½ 85 CS	50	97⅞	98½	+0½	0	14.09
CIBC 11½ 85 CS	60	91⅞	92⅛	0	−0⅛	14.08
Federal Dev. 11½ 90 CS	60	†85½	86½	+0⅛	+0⅛	14.27
Fst. Can. Inv. 10 84 CS	50	†89	89⅜	0	+0⅞	14.38
R. Bk. Canada 10 85 CS	40	91⅛	92⅝	0	+0⅛	12.12
Tordom Cpn. 13½ 85 CS	30	†98	98⅜	−0⅛	+0⅛	14.00
M. Bk. Dnmk. 9 91 EUA	25	90	91½	+0½	+0⅝	10.46
SOFTE 8¼ 89 EUA	40	85½	86¼	0	−0⅛	10.92
U. Bk. Nrwy. 9½ 90 EUA	18	97	98⅛	0	0	9.91
Algemene Bk. 10¾ 86 Fl	80	96⅜	97⅛	+0½	+0⅞	11.06
Bk. Mees & H. 10 85 Fl	75	97⅝	98⅛	−0⅛	−0⅛	10.60
Heineken NV 10 87 Fl	100	96½	97	+0⅛	+0½	10.71
Nat. Nederlndn. 10 88 Fl	60	95¾	96⅛	+0⅛	+1	10.84
Ned. Midd. Bk. 10 85 Fl	75	98⅝	99⅛	0	0	10.29
Pierson 10¾ 86 Fl	50	98⅜	98⅞	0	+0⅛	10.61
Aero Paris 13⅞ 87 FFr	150	94½	95⅛	0	+0½	14.35
Charb'nages 13⅞ 85 FFr	400	98½	99½	0	+0⅛	14.13
CECA 14¾ 86 FFr	150	99⅝	100⅝	+0⅛	+0⅛	14.20
EIB 14¼ 88 FFr	300	98⅞	99⅜	+0⅛	+0⅞	14.27
Finland 11 84 FFr	80	91⅛	92⅛	+0⅛	+0⅞	14.02
Gaz de France 11 84 FFr	150	91⅜	92⅛	+0⅛	+1⅞	13.80
La Redoute 14⅞ 85 FFr	125	95⅞	96⅞	−0⅛	+0⅛	15.45
OKB 14 86 FFr	400	98⅛	99¼	0	+0⅞	14.20
Utd. Mex. Sts. 14 85 FFr	150	97⅛	98½	0	+0⅛	14.74
Acona 14 85 £	20	95⅞	96½	0	+0⅛	15.15
Beneficial 14¼ 90 £	20	94	94⅞	0	+0⅛	15.36
BNP 13½ 91 £	15	96⅛	97⅛	0	+0⅞	14.11
CECA 13½ 88 £	20	96⅝	97⅛	+0⅛	+0⅞	14.16
Citicorp O/S 13½ 90 £	50	96⅛	97	−0⅛	+0⅛	14.17
Fin. for Ind. 14½ 88 £	20	99⅜	100⅛	−0⅛	−0⅛	14.49
Fin. for Ind. 13¾ 87 £	20	97⅞	98⅜	−0⅞	−0⅛	14.15
Gen. Elec. Co. 12½ 89 £	50	94⅞	95⅜	0	−0⅛	13.51
Peugeot SA 14 90 £	23	94½	95¼	0	+0⅞	15.01
Rothschild 14¼ 90 £	12	97⅜	98½	−0⅛	0	14.58
Royal Trustco 14 86 £	12	99⅝	100⅛	+0⅛	+0⅛	13.99
Swed. Ex. Cr. 15¾ 85 £	20	102⅞	103⅝	0	0	14.12
Banobras 8¾ 90 KD	7	†89½	90	0	0	10.02
CCCE 8¼ 91 KD	10	†82½	83	0	0	11.06
Sonatrach 8½ 90 KD	12	†92	92½	0	0	9.83
Akzo 9¼ 87 LuxFr	500	87⅞	88⅞	+0⅛	+0⅛	11.86
Euratom 9¾ 88 LuxFr	500	89⅞	90⅞	+0⅛	+1	11.87
Eurofima 10½ 87 LuxFr	500	95	96	+0⅛	−0⅛	11.48
EIB 9¾ 88 LuxFr	600	90⅞	91⅞	+0⅛	+0⅞	11.63
Volvo 9¾ 87 LuxFr	500	87⅞	88⅞	−0⅛	+0½	12.38

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bank 5¼ 87	0⅛	99⅝	100⅛	2/7	16⅝	16.65
Bank of Montreal 5¼ 90	0⅛	100	100⅜	18/8	19½	19.45
Bank of Tokyo 5¼ 89	‡0⅛	98⅞	99⅜	25/4	19.31	19.48
BBL Int. 5 86	0¼	99⅝	100⅛	20/5	16½	16.52
Bergen Bk. A/S 6 89	‡0⅛	†99⅞	99⅜	29/5	17⅛	17.30
BNP 5½ 88	‡0⅛	99⅝	100⅛	28/4	18.69	18.71
CNT 5¾ 86	§0⅛	99⅝	100⅛	16/4	13¼	13.27
Christiania Bk. 5½ 91	‡0⅛	98⅛	98⅝	5/5	17¾	18.02
Citicorp O/S F. 84	‡0	99⅞	99⅜	31/3	16.81	16.92
C. Itoh 5¾ 87	0⅛	99½	100	18/3	12⅞	12.91
Co-operative Bk. 6 86	0⅛	97⅜	98⅛	16/5	15⅛	15.56
Den Norske Credit 6 90	‡0⅛	98⅞	99⅜	5/5	17¾	17.91
Genfinance 5¾ 87	0⅛	98⅛	99⅜	30/4	15⅛	15.20
Giro und Bank 5¾ 91	‡0⅛	98⅛	98⅝	23/3	20½	20.81
GZB 5½ 89	‡0⅛	99⅜	99⅞	1/5	17⅞	17.94
Ind. Bank Japan 5¼ 87	0⅛	99	99½	15/4	13.31	13.41
Ind. Bank Japan 5¾ 88	0⅛	98⅜	98⅞	9/4	13⅛	13.31
Lloyds Eurofin 8 90 £	0⅛	96⅞	97⅜	3/7	14½	14.93
Lloyds Eurofin 5¼ 92	0⅛	99⅛	99⅝	4/6	17¼	17.36
LTCB Japan 5¼ 86	0⅛	100½	101	13/6	20.19	20.04
Man. Hanov. O/S 5¼ 94	‡0⅛	98⅝	99⅛	30/5	17	17.19
Midland Intl. Fin. 5¼ 92	0⅛	99⅛	99⅝	5/6	17.19	17.27
Nacional Fin. 6⅛ 86	0⅛	99½	100	25/7	17¼	17.79
Nacional Fin. 5½ 88	0⅛	98½	99	25/3	5½	5.57
Nat. West. 5⅛ 94	§0⅛	97⅜	98⅛	14/4	13⅛	13.52
Nat. West. 5⅝ 92	§0⅛	97⅞	98⅛	23/4	13.69	13.95
Nippon Credit 5¼ 87	‡0⅛	99⅝	100⅛	6/5	17.44	17.46
Sparebanken 6 87	0⅛	100	100½	19/8	19⅞	19.83
Standard Chart. 5¾ 90	0⅛	99⅞	100⅜	3/9	17.08	17.04
Svenska Hndlsbk. 5 87	0⅛	100	100½	15/7	17.81	17.77
Bq. Fx. d'Alg. 4¾ 89 SF	0⅛	90⅛	90½	18/8	7½	8.30

Average price changes... On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bow Valley Inv. 8 95	4/81	23.12	98⅛	99⅝	−0½	29.29
Canon 6¾ 95	1/81	829	115⅝	116⅛	+2¼	5.17
Credit Suisse 4¾ 93	10/79	1278	98½	100	+1⅛	−5.88
Dialoon Fin. 8¾ 95	10/81	29.5	99⅞	101⅛	−0⅛	17.96
Hanson O/S Fin. 9½ 95	1/81	1.92	111	112	+2⅞	−2.85
Ina Overseas 8¾ 2000	4/81	42	104½	106	+0⅞	3.09
Inchcape Ltd. 8 95	2/81	4.55	†95½	97	+2	2.09
Jaccs 7½ 95	11/80	565	133⅜	134⅞	+2⅞	3.72
Kotobukiya Co. 7 96	4/81	619	102½	103½	+1½	−6.12
Marion Int. Fin. 9 95	12/80	29.25	86⅛	87⅜	−1⅞	65.12
Matsushita El. 7½ 95	11/80	590	104⅛	105⅛	+1½	4.41
MEPC 8¼ 95	2/81	2.47	95⅞	96⅞	+0⅛	7.74
Niigata Eng. 7½ 96	1/81	327	99½	100½	+0½	1.20
Nissho-Iwai Co. 8 96	10/80	398	94⅞	95⅜	+1⅛	−1.70
Ricoh 6⅛ 95	8/80	604	117⅛	118⅛	+1⅞	1.67
Sumitomo M. Ind. 7 95	2/81	181	112	113	+1	6.78
Swiss Bk. Cpn. 6⅛ 90	9/80	200	84	85	0	11.76
Taylor Woodrow 8¾ 90	1/81	4.94	98⅛	99½	+2⅞	2.87
Transco Int. 8¾ 95	2/81	68	88	89½	+1½	29.79
Tricorp 8½ 95	12/80	31.25	90⅛	91⅝	+0⅛	10.98
Union Bk. Switz. 5 89	2/80	121.4	82½	84½	0	−14.04
Fujitsu 5 84 DM	7/79	431.5	134⅛	135⅛	+11	6.21
Sharp Cpn. 6⅛ 88 DM	9/80	596	143⅛	144⅝	+1⅞	1.00
Uny Co. 6½ 85 DM	11/79	967.3	103⅜	104⅜	−0½	15.58

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

هكذا من الأهل

Why more and more multinationals choose Morgan as their dollar-based bank

Part of Morgan's international team of officers who direct cash management services.
Clockwise, from right foreground: Judy Feldman, New York; Jacques Saillot, Paris; Paul Biermann, Frankfurt; Leonard Martel, Brussels; Robert Seaford, London.

The dismantling of foreign exchange controls and trade barriers in recent years has stimulated an unprecedented expansion in international commerce. This in turn has heightened the need for more efficient management of the increased flow of funds among multinational companies around the world. And the more the cost of money rises, the greater the importance of better international cash management.

Because so many international transactions are settled in dollars, it's essential that multinational companies based outside the U.S. have fast, direct access to a dollar-based international bank.

Why multinationals choose Morgan

Morgan was one of the first dollar-based banks to anticipate and respond to the changing cash management needs of major multinationals. In 1972 we introduced the first computerised information system for daily reporting of balances and transactions. We called it MARS (Morgan Account Reporting Service).

Today MARS is a whole family of high-speed communication and interaction services that give multinational corporate treasurers vital information on a timely basis never before possible. MARS is available worldwide through a time-sharing network and can be designed to meet your treasury needs exactly.

Among many new MARS features: up-to-date balance and transaction reports—received at your own terminal—on your Morgan accounts in London and Paris as well as New York.

An international group

Morgan's multilingual operations specialists are located in New York, London, Paris, Frankfurt, Brussels, Zurich, Milan, Madrid, and the Far East. These experts work closely with corporate cash managers. They study the pattern of your international funds flows, review how you monitor and control cash, and make solid recomm[illegible]ations for improving them. The results can be dramatic. Here are some examples.

A large French company with 80 bank accounts around the world had trouble with funds being delayed—even lost—in transit. It often didn't know who had paid and who hadn't. And it had trouble getting funds to remote locations. Sizeable amounts were tied up in unproductive field balances.

A Morgan team suggested managing *all* cash in four concentration accounts and using MARS to get timely information on receipt of payments. Now the company's local accounts are on a zero-balance basis, funded by a special reimbursement system under letters of credit. Result: the firm gets better, faster information on receipts. It saves millions of dollars in field balances—yet provides money for field people when they need it.

A Japanese shipping firm, which directs its dollar revenues to a Hong Kong subsidiary, was losing availability while funds moved through Hong Kong. Morgan recommended that the subsidiary have payments made straight to an account in New York. This speeds the flow of both funds and information by reducing the number of banks involved. It also allows the parent company to use MARS for automated money transfers.

A German company wanted to keep its U.S. subsidiaries autonomous for operating purposes while centralising control of their cash. Morgan specialists studied each subsidiary's pattern of receipts and disbursements. They designed a system retaining most of the existing collection network but mobilising funds faster and into two master accounts.

Through MARS the company now knows early each day how much will be needed to fund the subsidiaries' disbursement accounts; this gives the cash manager ample time to invest the excess. And the system generates funds-used, funds-supplied data that tie in with the company's profit-centre accounting.

Number of users triples

Because time after time the Morgan approach produces results like these, the number of non-U.S. multinationals now using our cash management services has more than tripled in the last three years. In the U.S., 75 of the top 100 companies are users.

How can Morgan make your international cash management more efficient, more profitable? Ask the Morgan officer who calls on you, or contact Bruce M. Merchant, Vice President, Operations Services, Morgan Guaranty Trust Company, Morgan House, 1 Angel Court, London EC2R 7AE.

The Morgan Bank

Member, FDIC. Incorporated with limited liability in the U.S.A.

WORLD AEROSPACE INDUSTRY

BAe captures investor imaginatior

BY JOHN MAKINSON

WHEN THE British Government announced plans to sell 50 per cent of British Aerospace early last month, continental European institutions were among the first to make inquiries and place orders. For the floating of BAe offered them a unique opportunity to invest in a major aerospace company outside the U.S.

The group, which was created in 1977 from a handful of nationalised companies, now ranks as the fourth largest aerospace company in the Western world. Within a few years, some analysts believe, it may be the only quoted company apart from Boeing to engage in the production of both civil and military aircraft on a large scale.

BAe, therefore, has a scarcity value in a sector which has provided the institutions with handsome returns over the past few years. The Capital International index for aerospace and military technology, which admittedly includes component manufacturers such as Dowty of the UK, has shown the sharpest rise of any sector index over the past five years, outstripping even the energy sectors.

Between the end of 1975 and the end of last year, the index rocketed from 64 to 530, making the progress of Capital International's composite world index from 78 to 160 look a little sedate. The share price of Boeing, over the same period, rose from $4 to $44, adjusting for capital issues. McDonnell Douglas, on the same basis, managed a rise from $9 to $50.

Not all European producers have shared in the growth rates characteristic of the U.S. companies. Aerospatiale, the French state company, is still making only nominal profits and the German group which arose from the merger of VFW and MBB is also producing a low return on capital.

The scope for investing in European aerospace ventures has, in any event, been limited until now. It is not possible to buy shares in either the new German company or Aerospatiale, while the equity of Avions Marcel Dassault-Breguet, France's other aerospace company, is tightly held. M. Marcel Dassault himself holds roughly three-quarters of the shares and 20 per cent is owned by the Grench Government. The progress of the share price has been spectacular but not every institution would be happy with the management's swashbuckling style and the order book is falling behind the level of sales.

Sweden's Saab-Scania has strong aerospace interests but they represent only about 10 per cent of group sales. So, apart from British Aerospace, Fokker of the Netherlands is the only solely aerospace company in Europe with an efficient market in its shares.

By the standards of BAe, Fokker is a minnow. Net profits in 1979, the last year on which the company has reported, were a little more than $2m on sales of around $430m. The company's future is dependent on the development of a single aircraft, the F-29, for which government financing has not yet been forthcoming.

With the Japanese still testing the water of the aerospace sector, the only true comparison with BAe lies in the U.S. On first sight the comparison is none too flattering to the British company.

BAE's trading profits have shown a consistent upward trend, from £43.7m in 1975 to an estimated £92m last year, but launch costs on Airbus projects have pared pre-tax profits from a peak of £66.6m to an expected £51.5m for 1980. The company has benefited from a shrinking tax bill but, even so, net earnings have improved by only 56 per cent in the five years from 1976 to 1980.

Boeing, by contrast, has increased earnings sixfold, while McDonnell Douglas earnings were marching smartly ahead until last year's write-offs pulled them back to around 1977 levels. Lockheed, which has been struggling to contain losses on the TriStar, has reported steadily declining earnings for the past three years.

BAE's profits performance is respectable but, measured by other criteria, the company is at some disadvantage compared with the U.S. majors. In 1979, its return on capital employed after launch costs was only 13.3 per cent, lower than all three U.S. companies and only around one-third of Boeing's figure. Similarly, its productivity is historically poor, with 1979 sales per employee less than half that of all the U.S. companies' and little more than a third of Boeing's.

Return on capital should improve considerably as launch costs decline, but the company's productivity record is worrying. In its favour is a strong balance sheet, which has been further improved by the £99m proceeds of the offer for sale. The 1980 accounts will show a substantial cash surplus which, while in a different league from Boeing's cash mountain of more than $2bn, compares favourably with Lockheed's stretched balance sheet.

On the basis of its record, BAe hardly seems to justify the double figure price/earn ratio on which it trades, ticularly with the Damc sword of renationalisation h ing over its head. Yet the sl term outlook for the comp is probably brighter than of any U.S. major.

The company's order-boo the strongest in the industr relation to sales and its bal of civil and military produc is better than that of the companies. On the civil fr both Lockheed and McDon Douglas are apparently sidering withdrawal from market after problems with TriStar and DC-10 respectiv Boeing, which dominates industry, is being hit by worsening financial problem: the domestic U.S. carriers has already reduced its proc tion schedule. Profits this y should be down and, accord to Mr. Keith Hodgkinson brokers L. Messel and Co., real improvement in dem: can be expected until 1983.

At BAe production of Airbus is being stepped up : development costs on the feeder aircraft are past th peak. Order books are a strong for the military p grammes, including Tornado, Nimrod and Jagu U.S. companies will clearly be fit from the increased level defence spending under Reagan Administration, these extra orders will not c tribute to profit for another t years at least. By that tir of course, BAe theoretica could be heading back into g ernment ownership.

BRITISH AEROSPACE AND THE U.S. MAJORS

	Price	Yield	P/e	Sales 1980 $bn	Net income 1980 $m	Order b end-198
British Aerospace	3.90	6.33	11.3	3.29*	121.9*	8.31*
Boeing	34	4.71	5.5	9.43	600.5	20
Lockheed	26	—	17	5.40	56.5	5.5
McDonnell Douglas	44	2.41	12.1	6.87	144.6	8.82

* Estimates.

Sources: L. Messel & Co./Datastream Internati

Swiss fiduciary business grows

By John Wicks in Zurich

SWISS BANKS' fiduciary business expanded by more than half to SwFr 129.2bn ($69bn) last year, overtaking the foreign business done for their own account.

Fiduciary assets — deposits mostly denominated in foreign currencies which are not entered into bank balances — rose by SwFr 44.9bn in 1980. By comparison, says the Swiss central bank, own-account foreign business among Swiss banks rose by SwFr 17.2bn to SwFr 117.2bn.

The combined balance-sheet total of 71 banks which reported rose by 10.9 per cent to SwFr 373.52bn, or nearly $200bn.

Suez acts to stem share buying

BY DAVID WHITE IN PARIS

THE PRINCIPAL shareholders in the Suez banking and industrial holding group have reinforced their stake in the face of persistnet buying of Suez shares in Paris stock market trading over the past few months.

Compagnie Financière de Suez, the umbrella company of the group which includes the Indosuez merchant bank and an important stake in the Saint-Gobain-Pont-a-Mousson industrial concern, said that neither the identity nor the objectives of the purchaser were known. The share-buying had intensified since the beginning of the month, it said.

The interests represented on the board of the company and the other main institutional shareholders had, as a result, decided to strengthen their position and now held 50 per cent of the shares between them. These shareholders include the Caisse des Dépôts et Consignations an dthe UAP and Abeille-Paix insurance groups.

A group of Arab investors was understood to have bought a block of shares late last year which Compagnie des Machines Bull, the computer holding company, had acquired in a reorganisation of its ownership structure. The British Government was a shareholder until late 1979, when it sold its 7.66 per cent stake.

The Suez holding company announced a net profit for last year unchanged from t previous year's FFr 27 ($55.5m), and proposed to I its net dividend to FFr 23 fr FFr 20 a share. The compa which floated a FFr 630m cc vertible bond in Novemb increased its balance sheet to during the year to FFr 6.8 from FFr 5.9bn.

Suez group's 63 per ce controlled commercial banki arm, Crédit Industriel et Co mercial, announced at the sa time a 26 per cent increase 1979 net profit, to FFr 74.8 from FFr 59.2m, saying th consolidated figures would sho a similar improvement. Th bank's net dividend is to I raised to FFr 9.80 a share fro FFr 8.30.

Price controls hit French BP

BY TERRY DODSWORTH IN PARIS

ANOTHER FRENCH oil company has come out with a strong attack on government price controls in the industry, after the broadside delivered earlier this month by the Total and Shell Francaise refinery groups.

Societe Francaise des Petroles BP, the French subsidiary of British Petroleum, said yesterday that it had done nothing more than break even in 1980, while it made net profits of FFr 382m ($76.4m) in 1979. These compare with losses of FFr 1bn at Shell Francaise, and a fall in net profits from FFr 187m to FFr 96.7m at the Total refinery division.

BP said yesterday that the Government-regulated price rises for petrol and domestic heating oil had been insufficient and too late. The company had been caught between the effects of this policy and the rise in refinery and distribution costs.

Oil products remain one of the few areas still under administrative control after the dismantling of the post-war system in the past two years. While prices of the controlled categories — particularly petrol — rose steadily last year, the oil companies argue that they need additional flexibility to respond to market conditions.

BP said, however, that it had also been hit by a number of other factors. The most important of these was the lack of availability of the more cheapl priced Saudi Arabian crud along with enforced buying the spot market at pric largely higher than those avai able for contract deals.

At the same time, the cor pany suffered from a declin in activity, with the amount oil dealt with falling from 16.1 tonnes in 1979 to 13.5m tonne. Sales dropped from FFr 17.6b to FFr 13.7bn.

The nil profits result w struck after a depreciatio charge of FFr 282m and pr visions of FFr 676m again currency fluctuations. Cas flow fell from FFr 1.7bn to FFr 889m.

State snag for Granges over power plants deal

BY WILLIAM DULLFORCE IN STOCKHOLM

MR. NILS AASLING, Sweden's Industry Minister, has waved a red flag at a contract under which the state power board would buy Gränges' hydro-electric power interests for SKr 1,024m ($225m).

Government approval for the deal, in Mr. Aasling's view, should be conditional on Gränges stumping up new share capital for Svenskt Staal (SSAB), the loss-making Swedish steel company, of which the state owns half and Gränges 25 per cent.

The state power board has agreed to buy Granges' own power plants and its interests in two power utilities. Together these purchases would give the board extra capacity of about SKr 700m kilowatt hours a year.

For Gränges the deal would release capital with which to expand the industrial operations, on which it has concentrated its efforts since it disposed of its steel plants to SSAB. The improvement in equity and cash would allow it to finance future investments from its own resources, Gränges stated in a communique.

The metals and engineering company is in process of being absorbed by Electrolux after its shareholders accepted a SKr 725m offer from the household appliances group.

Austrian bank to pass dividend

BY OUR FINANCIAL STAFF

OESTERREICHISCHE Laenderbank is to pass its divdend for 1980 following the collapse of a number of industrial companies which owed the bank substantial sums.

Laenderbank, one of Austria's major banks, has taken the decision in order to rebuild internal reserves. Dividend payments in 1979 cost the bank around Sch 90m ($6m).

On a balance sheet total of Sch 100.4bn, Laenderbank made a net profit of Sch 91m.

Usinor special steel deal likely

By Our Paris Staff

TWO OF France's most impor ant steel companies, Usinor an Creusot-Loire, are today ex pected to announce the firs step in a long-awaited pla designed to integrate th country's special and bulk stee manufacturing industries.

The merger will tie up som of the loose ends left over fron the Government-backed reorg anisation of the industry thre years ago. Two large-scal bulk steel producers, Usinor an Sacilor-Sollac, emerged fror this restructuring, while specia steel manufacturing was lef largely in the hands of tw private metal-working conglo merates, Creusot-Loire an Pechiney - Ugine - Kuhlmann (PUK).

Since the Government's 1978 intervention, it has been widely accepted that there would be further state-assisted rational isation.

Today's agreement is likely to deal with the tie-up between Usinor, the largest producer, and Creusot-Loire's steel interests. This will almost certainly be backed by an injection of Government finance.

Australia endorses uranium settlement

By Our Sydney Correspondent

THE AUSTRALIAN Government has endorsed the out-of-court settlement reached by three mining companies caught up in protracted anti-trust litigation started by Westinghouse Electric in the U.S.

The settlement agreement "satisfied Australian national interest considerations," said Senator Peter Durack, the Attorney General yesterday.

The companies settling are CRA, and Mary Kathleen Uranium, both in the Rio Tinto-Zinc of London group, and Pancontinental Mining.

The remaining Australian company in the case, Queensland Mines, refused to accept settlement, for what Mr. Jim Millner, the chairman, called "sound commercial reasons." But the possibility of future settlement has been left open.

The Australian companies were charged, alongside other U.S. and international uranium producers, with being members of a cartel which had prevented, it was alleged, Westinghouse from buying uranium at equitable prices between 1972 and 1975.

The Government supported the companies, passing legislation to prevent them appearing in U.S. courts and to provide means for them to recover from Westinghouse in Australia any losses incurred from damage judgments in the U.S.

The Government has consistently opposed U.S. attempts to extend anti-trust jurisdiction outside U.S. borders. Senator Durack said there would be no waiver of jurisdictional objections to the proceedings by the Australian companies as a result of the settlement.

However, the Government sees in the settlement an acknowledgement that the Australian companies have committed no crime. "No implication should be drawn from the settlement that there has been any wrong-doing by the Australian companies involved in the case," Senator Durack said.

The companies, and nine others from Canada, South Africa and the UK, have agreed to pay Westinghouse $39m in cash and sell it 9m lbs of uranium by 1985 at "a firm price subject to escalation."

Bank of Japan introduces Lombard interest system

BY RICHARD C. HANSON IN TOKYO

THE BANK OF JAPAN has decided to introduce a special "Lombard" interest rate system which could be used to cope with erratic money market conditions.

Such a system could be roughly equivalent to one operated by the Bundesbank in West Germany, although details of how it would work in Japan have yet to be established. It would give the authorities much more flexibility in intervening in the money markets, supplementing the open market operations it currently makes use of to influence short term interest rates and the Government bond market.

The special Lombard rate (a name which bank officials seem keen to borrow from Europe) would by no means replace the official discount rate, which forms the basis of Japan's still rigid interest rate structure.

The new system will mean, however, that the central bank can act without going through the long process of winning agreement with the government on a move in the discount rate which is a highly "political" instrument because of its direct relationship to other loan and deposit rates.

Officials say the system could work in a number of ways, such as setting ceilings for bank lending, beyond which the higher special rate would apply. The special lending rate could be applied on a day to day basis, as in West Germany, or the system could simply be left open ended and used when the need arises.

The Bank of Japan has been keen to implement a more flexible interest rate system for quite some time. The need for a mechanism like the special Lombard rate has increased as interest rate fluctuations outside Japan have grown more frequent and violent. A foreign exchange law enacted last December has made Japan more vulnerable to such outside influences than in the past, by liberalising foreign exchange flows.

Bank Leumi to expand abroad

BY L. DANIEL IN TEL AVIV

BANK LEUMI, Israel's largest and oldest banking group, reports net consolidated profit for 1980 up by 201 per cent to Sh 525m ($61.2m). The consolidated balance sheet total grew by 155 per cent to Sh 139bn ($16.2bn) Both figures were considerably in excess of both the local rate of inflation (132 per cent) and the devaluation of the shekel against the dollar.

Net profit per share, fully diluted, increased by 186 per cent. A 100 per cent stock split is proposed, compared with a 40 per cent scrip issue for 1979, and the cash dividend will be unchanged at 16 per cent.

The bank and its subsidiaries last year mobilised Sh 1bn, half of it in foreign currency—to permit further expansion. Its network of branches and offices in Israel and abroad increased by 16 to 433, mainly as a result of the doubling, to 26, of the network of the New York Trust Company subsidiary. Foreign subsidiaries and branches (60 in all) accounted for 15 per cent of the balance sheet and 25 per cent of profits.

Of the consolidated balance, 70 per cent is in foreign currency, with a further 23 per cent invested in index-linked funds and only six to seven per cent in Shekels. This includes residents' and non-residents' foreign currency accounts in Israel and deposits by the bank and its subsidiaries abroad.

The index linked funds mainly represent the 2m local savings accounts. In all, almost 50 per cent of the deposits of the Israel public are with the Leumi group, which has 5m accounts and 300,000 shareholders.

While the accent in Israel will be on further adaptation to the technologies of the 1980's, abroad, Leumi intends to expand in California, which it has designated as its home state, to establish a subsidiary in Canada, to extend coverage in Latin America, and to develop its UK network.

Mr. E. Japhet, the chairman, said the bank should have greater involvement in the growth and development of the Israeli economy, particularly in the fields of energy, hotel construction, and science-based and other industries contributing to export. To this end, the bank intends to co-operate with Jewish communities and other foreign investors abroad.

Philips offshoot back in the black but no payout

BY OUR SYDNEY CORRESPONDENT

PHILIPS INDUSTRIES Holdings, the offshoot of the Dutch electrical multi-national, has hauled itself out of the red in the year to December 31 following two years of heavy losses, but the directors have yet to resume dividend payments which were halted three years ago. The company moved from an A$14.11m (U.S.$16.5m) loss in the 1979 year to a profit of A$1.92m (U.S.$2.2m).

The improvement, the directors said, resulted primarily from actions taken over a number of years to restructure the organisation to meet the realities of the Australian market and to realign operations in conformity with perceived Federal Government attitudes and policies.

Sales rose 3.4 per cent to A$598m, but the directors point out that on a comparable basis, after allowing for the divestment of a number of businesses, the rise was around 9 per cent.

The major turnround was in the group's extraordinary items, which benefited from an A$1.54m profit from the sale of property. In the previous year a series of substantial write-downs resulted in a loss of A$9.09m.

"Although much was accomplished in 1980," the directors said, "the process of restructuring and adapting to changing circumstances will be an ongoing task in order to achieve necessary improvements in earning capacity.

"Sales and results to date this year have improved on the corresponding period of 1980."

Mr. H. C. Bossers, who took over as managing director in July, refused to be drawn on the likelihood of restoring dividend payments, saying he did not wish to pre-empt results, but said the group was showing gradual and steady improvement across the board.

* * *

HUMES, the diversified steel and plastics group, lifted profit by 11.2 per cent from A$5.69m to A$6.33m (U.S.$7.4m) in the six months to December after higher tax of A$8m against A$5.7m. The company will maintain its interim dividend of 3 cents a share on capital increased by a one-for-ten scrip issue in October.

Group turnover, up by almost 36 per cent from A$145m to A$197m was limited by poor performances from the company's UK and U.S. operations.

The group's Australian operations contributed 74 per cent of earnings compared with 61 per cent previously. Hume's biggest overseas losses in the half-year came from its roofing tiles subsidiary in the U.S., which reported a loss of A$328,000

Investment income lifts BMI

By Our Sydney Correspondent

BMI, THE diversified quarrying group, boosted earnings from A$8.4m to A$13.46m (US$15.7m) in the half year to December and has lifted the interim dividend from 5 cents to 5.5 cents a share. The group's capital base grew 20 per cent in the period and the dividend will be paid on the enlarged capital.

Group turnover rose by 18 per cent, from A$127.95m to A$151.2m (US$174m), but the biggest boost to profitability came from a 188 per cent increase in investment income, which largely represents a time difference in the repatriation of dividends from Kajuara Mining Corporation, in which both BMI and CSR have a 50 per cent stake.

The mining offshoot had a bumper half-year because of higher tin prices and increased production. Earnings are not expected to be maintained at this level because of the current depression of the commodity markets.

The company's direct activities increased profits by 16 per cent. Tax rose from A$5.07m to A$5.97m, and interest payments and depreciation also increased marginally. Earnings per share rose from 11.5 cents previously to 14.8 cents.

SAAN ahead as advertising revenues rise

By Jim Jones in Johannesburg

SOUTH AFRICAN Associated Newspapers, the publisher of the Financial Mail, Rand Daily Mail, and Sunday Times, increased operating profits to R9.77m ($12.4m) in the year to December from the R4.75m of 1979.

The directors attribute the profit advance mainly to higher advertising revenues, although there was also a significant increase in circulation revenue. However, they say that operating and distribution costs were significantly higher, reflecting inflationary trends

Trading profits to date indicate that the group will have another successful year, says the Board.

A dividend of 120 cents a share has been declared from earnings of 301 cents a share. In 1979 earnings were 144 cents a share and a dividend of 45 cents was paid.

FRN issue for DBS subsidiary

BY GEORGIE LEE IN SINGAPORE

HOT ON the heels of its S$228.5m (US$109m) convertible loan stock issue, the Development Bank of Singapore (DBS) has announced a five-year floating rate note issue, is for its wholly-owned subsidiary, Singapore Factory Development (SFDL). SFDL will issue S$75m (US$36m) notes to be guaranteed by the bank.

The notes, which will be denominated in Singapore dollars, will carry an interest rate of one-quarter of a percentage point above the Singapore inter-bank offered rate for three-month Singapore dollar deposits. The current three-month rate is around 11 per cent. The minimum interest rate on the notes will be six per cent, and they will be issued at par.

SFDL is involved mainly in factory mortgage financing

VONTOBEL EUROBOND INDICES

14.5.76=100%

PRICE INDEX	10.3.81	17.3.81	AVERAGE YIELD	10.3.81	17.3.81
DM Bonds	87.75	88.87	DM Bonds	10.192	9.978
HFL Bonds & Notes	90.35	90.46	HFL Bonds & Notes	10.954	10.886
U.S. $ Strt. Bonds	83.63	84.23	U.S. $ Strt. Bonds	13.046	12.925
Can. Dollar Bonds	87.68	87.94	Can. Dollar Bonds	12.844	12.788

International Appointments

Head of Accounting Systems
Overseas

Nchanga Consolidated Copper Mines Limited operates mining and metallurgical complexes in Zambia which make it one of the world's largest producers of copper and cobalt.

Due to internal re-organisation a vacancy has arisen for an individual to head the Accounting Systems Section of the centralised Accounting and Finance Department.

A major programme is under way to replace several existing large computer systems, mainly with software packages. The person we are seeking will be the principal representative of the accounting users in evaluating the requirements of the new systems, and appraising alternative packages. He/she will then have to supervise the necessary procedural changes, and oversee actual implementation. Other responsibilities will arise as major changes in accounting occur. Reporting will be direct to the Financial Manager.

The successful applicant must be a mature qualified accountant, with significant experience of the development of major computer systems. Ability to motivate staff, co-ordinate activities and deal effectively with personnel in other functions is essential.

Benefits include: an attractive salary — subject to review after six and twelve months; gratuity of 25% of salary paid free of tax annually; settling-in allowance; generous leave and airfares to country of recruitment; education allowances for children over primary school age.

The location is Kitwe on the Zambian Copperbelt, which enjoys an excellent climate and offers first-class sporting facilities plus other amenities including company hospitals and schools.

Interviews are being conducted by the Company's Financial Manager on Friday March 20th and Monday March 23rd in London. Please telephone Mr Ron Watkins on 01-638 0818 for an appointment.

— or write with details of your age, qualifications and experience, quoting reference FT889 and current salary, to:

The General Manager,
Zambia Appointments Limited,
Zimco House,
129/139 Finsbury Pavement,
London EC2A 1NA.

ZAL ZAMBIA APPOINTMENTS LIMITED

This advertisement is featured on page 599017 of Prestel

Financial Controller

Hong Kong — **to £20,000 plus generous benefits**

The Royal Hong Kong Jockey Club is a leading Hong Kong institution responsible for the provision and control of racing at two race courses, all legal betting facilities using sophisticated computerised systems and social amenities for 10,000 members. Net assets are £60m., turnover is in excess of £700m., and the surplus after tax in 1980 was £27m., much of which is donated to charitable and community projects. Some 3,500 career staff and 11,000 part-time staff are employed.

This is a newly structured post reporting to the Director of Finance. He will be responsible through the Chief Accountant and Treasurer for the work of 100 accounting staff and the development of accounting standards, systems and procedures. He will be Secretary of the Board Finance Committee.

This is a challenging opportunity for a 35-45 year old qualified and well-experienced accountant who is probably already Head of Finance of a medium-sized commercial or industrial concern. Experience must include the adaptation and use of sophisticated computer-based accounting systems.

Annual salary will be H.K. $245,000 and benefits will include generous retirement benefit, furnished family accommodation, education allowances, air fares, medical expenses and club membership. Current maximum taxation is 16.5%.

For an application form telephone 01-236 3561 (24-hour service), or write to Neville Mills, Executive Selection Division, quoting reference H3468/L.

Peat, Marwick, Mitchell & Co.

Executive Selection Division, 165 Queen Victoria Street, Blackfriars, London, EC4V 3PD.

International Bankers
AFRICA AND THE MIDDLE EAST

Our client, a major U.S. bank is seeking to strengthen its professional resources available for assignments in its existing network of units in the Middle East, including Kuwait and Bahrain, and for projected new ventures in both English and French speaking Africa.

The need is for **SENIOR LENDING OFFICERS** capable of marketing an extensive range of financial services to local and multi-national clients, and for experienced **OPERATIONS MANAGERS** able to direct all administration functions from start-up phase onwards.

Candidates in the age range 26/38 years are invited to present evidence of a successful track record in international banking. Experience of living and working in Africa/Middle East is essential, as is the desire to develop a career in Third World Countries on a long term basis. Applicants with general management abilities and potential will have accelerated career prospects. The positions are permanent and pensionable, and the comprehensive compensation package is designed to attract and keep bankers of the highest possible calibre.

Please submit a detailed curriculum vitae, which will be handled in the strictest confidence. Initial interviews will be held in Kuwait, Bahrain, Dubai and in Nigeria.

Applications should be for the attention of Mr. M. F. Hatton, Managing Director.

Sangster Pearson Ltd.
Recruitment and Selection Consultants
1st Floor, Unicentre, Lords Walk, Preston, Lancs., England.
Telephone (0772) 21072 Telex 67327

إلى المؤهّلين والخرّيجين من المواطنين العرب

تعتبر أم.أس.أل الشرق الأوسط من كبرى الشركات الاستشاريّة في حقل الإدارة وتوفير الموظّفين، ولها نشاط مستمرّ في البلدان العربيّة مع عدد كبير من المؤسّسات العاملة هناك والتي فيها مجالات عمل مثيرة خاصّة لخرّيجي الجامعات والمؤهّلين العرب.

إذا كنت في صدد البحث عن عمل في منطقة الشرق الأوسط وتودّ أن تستغلّ فرص التوظيف المتوفّرة عن طريقنا لذوي الخبرة أو الخرّيجين الجدد، فالرجاء الكتابة بالانكليزية مفصّلاً إلى غسان يازجي أو الاتصال هاتفياً: ٠٢٥٥ ٠١-٧٣٠

MSL middle east
Management Selection Limited
International Management Consultants
52 Grosvenor Gardens London S

CHIEF FX DEALER
Bahrain

Major US bank requires a foreign exchange professional to manage its Eurocurrency exchange operation. Located in Bahrain, this individual would report directly to the treasurer of the off-shore banking unit.

The ideal candidate would have approximately 5 years' experience of spot and forward dealing in all major Eurocurrencies and at present might be in charge of foreign exchange for a medium sized bank or number two in a large international bank operating out of a major European centre.

An attractive compensation package is combined with the opportunity for increased Treasury responsibility throughout the worldwide network of this organisation.

Please submit résumé including compensation history and requirements to:
G. Van Dalen, PO Box 548, Manama, Bahrain.

PRESIDENT, GENERAL MANAGER
LATIN AMERICA

An international mining company requires an outstanding professional to manage a large mining and processing operation in Latin America.

The ideal candidate will have excellent academic credentials with 8 to 10 years of high level management experience, be able to communicate in the Spanish language and will also show a proven record of success as a general manager in the metallurgical industry, preferably in the top position of a large organisation.

This key position is accompanied by an excellent salary, benefit package and incentive programme commensurate with background experience and performance.

For prompt, confidential consideration, please submit a detailed resume including salary history and requirements to Box A7467, Financial Times, 10 Cannon Street, EC4P 4BY.

Banking Operations
SAUDIA ARABIA

A major bank requires an AIB or ACA with a comprehensive banking background at operational level to join a professional team. The ideal candidate must have ability to organise well and exhibit individual initiatives. Emphasis will be on cash operations.

Salary negotiable with normal benefits associated with such overseas appointments.

LJC Banking Appointments
01-283 9953 — for an immediate appointment

SALES DIRECTOR

An opportunity to become financially independent exists for the right person. He must have an impeccable reputation, a successful sales record and be capable of organising a highly effective selling force. He will be headquartered in Europe but must travel extensively. A Knowledge of dealing with portfolio managers and financial institutions is important. He will be supported by excellent sales aids and a suitable advertising budget. Attractive base salary with high earnings potential.

Send résumé with photographs in confidence to:
Globe Plan SA, Mon-Repos 24, 1005 Lausanne, Switzerland

GROUP CHIEF ACCOUNTANT

We urgently need a Chartered Accountant to act as group chief accountant of a group of companies in Uganda. This is a unique opportunity for you to show your ability to gain experience in the Third World.

We will pay you an excellent remuneration. You will enjoy an extremely high standard of living which includes free car and accommodation etc. PLUS a generous tax free bonus payable in the Channel Islands.

We are conducting interviews in London at the end of March so please contact with CVs Mr. Paul Kerssemakers at 12 Marine Drive, Goring by Sea, Worthing, Sussex BN12 4QN, or phone 0903 43730 after 22nd March 1981.

COMMODITY TRADER

International merchant firm, privately-owned and established over 100 years, seeks high-calibre individual to join small, high-powered New York cocoa operation.

Required qualifications include:
1. Fine personal attitude needed to work with rest of team.
2. Outstanding quantitative skills and creative drive.

Desirable qualifications include:
1. Fluency in language(s) in addition to English.
2. Minimum 3 years serious business experience.
3. Familiarity cocoa or other soft commodity trading, sales, and sourcing.

Initial salary commensurate with experience.

Subsequent reviews as merited.

Kindly reply to:

Richard Rogers,
Vice President
THE OTTO GERDAU CO.
82 Wall Street
New York, NY 10005

ACCOUNTANT SAUDI ARABIA

required for joint-venture company in international service industry based in Jeddah.

Applicants, of single status and aged in their 20s, should have gained good commercial experience, preferably in a group-accounting environment.

Tax-free salary and benefits in line with best international practice.

Send full details to Box A7468, Financial Times, 10 Cannon Street, EC4P 4BY.

EMPLOYMENT CONDITIONS ABROAD LIMITED

An International Association of Employers co-operating to provide up-dated confidential information relating to employment of expatriates and nationals world wide.

01 - 637 7604

BRITISH BROADCASTING CORPORATION

CONTROLLER, WALES

The Board of Governors of the BBC in consultation with the Broadcasting Council for Wales will shortly be considering this important appointment.

Candidates must have a demonstrable commitment to the development and administration of public service broadcasting in Wales and a sensitive awareness of the broad policy factors involved, together with managerial and editorial experience at a high level. They will also need to satisfy the Board of their ability to manage the BBC's substantial output in the Welsh language.

Anyone who wishes to be considered should in the first instance write within one week to the Director-General of the BBC, Broadcasting House, London W1A 1AA.

BBC

Financial Controller
Financial service co. to £14,000+car

- Our client is a small, progressive and expanding leasing company and part of a 'Fortune 500' multinational corporation.
- The role is broad ranging and includes general financial management with some involvement in financial negotiations related to the company's basic activity.
- Candidates should be chartered accountants, ideally with a degree, preferably with experience in commerce or industry.
- Salary negotiable with an attractive benefits package.
- Location in Central London.

Send a resumé, ask for an application form or telephone for a discussion on the appointment to: S.W.J. Adamson FCA, Grosvenor Stewart Limited, Hamilton House, 15 Tilehouse Street, Hitchin, Hertfordshire. Telephone (0462) 55303 (24 hour answering).

GROSVENOR STEWART
International Financial Recruitment

PANMURE GORDON & CO.

We have a position on our Institutional Sales Desk for a Sales Executive, experienced in the Australian, South African and UK mining and mining finance house markets. Knowledge of North American resource stocks, though not essential, would be an advantage. The successful applicant will be joining a research backed team with established business in both the Mining and Oil Sectors.

Remuneration and conditions of service are negotiable and will fully reflect the status of the post.

Please address your replies to:

G. F. Hallwood, Personnel Manager,
PANMURE GORDON & CO.,
9 Moorfields Highwalk, London EC2Y 9DS.

OCEANEERING

FINANCIAL DIRECTOR

ABERDEEN — **SALARY NEG.**

Oceaneering International, one of the world's largest underwater engineering contractors is seeking a Financial Director to report to the Managing Director, UK, Europe and Africa.

The candidate will be a qualified accountant with international experience since involvement with the Group's global tax position including planning, management and compliance, etc., will be of high importance. With the aid of an established team, you will provide financial and management information at both local and group levels.

An excellent remuneration package will be offered to the successful candidate.

Applications should be addressed to:
Managing Director,
Oceaneering International Services Limited,
Broadfold Road, Bridge of Don, Aberdeen AB2 8EE.

APPOINTMENTS WANTED

ENGLISH EXECUTIVE

early forties — fluent German, associated with the rubber and plastics industry for 20 years having an engineering background and extensive commercial and general management experience up to Managing Director level in rubber to metal bonded component, industrial rubber products and friction material products manufacturing with extensive Automotive and industrial contacts, seeks a responsible and challenging senior appointment and possible participation with a technically orientated engineering or rubber/plastic product manufacturer in Europe, U.S.A. or Australia.
Write Box A.7469, Financial Times, 10, Cannon Street, EC4P 4BY.

AUSTRALIAN GIRL

professionally qualified and experienced in information services, admin., good typing speeds and initiative, seeks interesting employment in go-ahead organisation.
Write Box A7466, Financial Times, 10 Cannon Street, EC4P 4BY.

CREDITANSTALT-BANKVEREIN
LONDON BRANCH

As a leading European Bank we are involved in all aspects of International Banking concentrating particularly on Export Finance.

Planned expansion of our activities has led to the requirement for an accounts analyst to join the Operations team. The role will involve the preparation and development of financial analysis and the production of related management reports.

The ideal candidate will possess a sound knowledge of the principles and practices of accounting within an International Bank together with the ability to progress in an expanding organisation. Although experience is preferred, this position may suit a graduate or part-qualified accountant. We offer a salary commensurate with experience and qualifications together with generous benefits.

Written applications, giving full details of career to date, should be forwarded to:

Ms Linda Macfarlane
Personnel Officer
CREDITANSTALT-BANKVEREIN
29 Gresham Street
London EC2V 7AH

JOBS COLUMN

Employers learn the worth of honest error

BY MICHAEL DIXON

IF ANYONE has invented a device combining a microscope with long-range binoculars, I'd be grateful to hear. For without it, counting blessings is fast becoming as hard as finding needles in haystacks, at least where employment is concerned.

But it seems today that this column may have located a blessing, albeit a rare one liable to perish unless it is carefully nurtured. Amid the mounting pile of gloomy evidence about the jobs market, there gleams the occasional sign that the experience of running a business during the recession is pricking top management into changing its attitude towards the recruitment of executives.

When assessing applicants for jobs important to the survival of a business, a few recruiters are apparently starting to question the sense of the dictum, "nothing succeeds like success." Or rather, they are doubting the form of that principle which has been generally applied to the selection of managers—to wit: "nothing will succeed without a record of previously untarnished success."

Why top executives tend so heavily to insist that managerial recruits must have a blemish-free *curriculum vitae*, is one of the many things which have always puzzled me.

It may be that business chiefs view a candidate who has made mistakes as the bearer of a contagious disease which, if imported into their company, might spread even to endanger their own personal infallibility. But I prefer to believe the main reason is that chiefs regard an untarnished record as evidence of the attribute which Napoleon thought crucial in his subordinates: namely, that the person concerned is lucky. For it is hard to see what other attribute useful to a business, especially in the present economic climate, can be reliably inferred from the fact that a cv shows no hint of managerial error.

The effectiveness of businesses depends importantly on the decisions taken by their managers. The risks entailed in these decisions cannot often be assessed in advance with an adequate degree of accuracy, because managers are rarely blessed with either sufficient information or a scientific method of assessment sensitive enough to take account of the complex reality in which business is conducted. So in many if not most cases, managers must rely essentially on personal judgment of the kind which can be developed only by practical experience.

Since practical experience teaches by means of trial and error, career records which show no mistakes must surely testify to one of three things. The first is the aforementioned useful attribute of being extremely lucky.

The second, however, is the less useful practice of gilding the lily. The third is that the blemish-free applicants have advanced not by taking risks, but by avoiding them or at least by confusing the trail of accountability so that they dodge the blame for the mistaken decisions they have made.

This last strategy of keeping the hands clean by either inaction or surreptitious washing may be an efficacious way of progressing in a bureaucracy. But it is hardly the behaviour now needed in its managers by a business concern.

Hence, I feel, the turning away from insistence on pristine purity of career progression as employers begin to realise the importance of something else. This is not so much that candidates have had misfortunes, but that they have recovered from them gaining in the process a resourcefulness of high potential value to businesses amid the uncertainties of the present and the foreseeable future. As one chief executive put it:

"I have a rule of thumb now that an applicant must be either divorced, have been severely ill or injured, have been bankrupt or the shareholder of a bankrupt company or have fallen flat on his face in some other way. Then—and it seems to me, only then—will he ask perceptive questions about the company's situation and find out what help he can really be."

The Jobs Column still prefers its grandmother's version of the principle: "Falling down doesn'a matter; it's how tha' gets up again that counts." But regardless of how the truth is expressed, the dawning recognition of it by employers is one of the few blessings around these days.

Chief maker

GEOFFREY KING of Cambridge Recruitment Consultants seeks someone to work in southern England as manufacturing director of the subsidiary company of a United States multinational. The United Kingdom company, by far the biggest of the group's European operations, develops and makes and markets a wide range of ethical pharmaceuticals, chemicals, and disposable equipment and other products for hospitals. Extensions to the UK plant are at advanced planning stage.

Success in senior manufacturing management in pharmaceuticals or chemicals is essential, as are strong analytical skills and the ability to communicate clearly, not least in dealings with denizens of the corporate peaks. Salary around £22,000.

Inquiries to Mr. King at 1a Rose Crescent, Cambridge CB2 3LL; telephone 0223 311316. He, like the other recruitment consultants to be mentioned later, may not name the employer. So they all promise to abide by any applicant's request not to be identified to the employing concern without further notice.

Tobacco

JO JACOBSTHAL of European Marketing Systems in Switzerland wants a young tobacco buyer with all the tricks of the trade plus fluent French to join an international company. Based probably in Switzerland, the newcomer is likely to succeed the present chief buyer on his retirement in a few years. Starting salary about £20,000. Inquiries to Mr. Jacobsthal at 5 Avenue Beaumont, CH 1700 Fribourg; tel. 037 24 32 80, telex 36152.

Contracting

NORTH ENGLAND will be the base of a director and general manager wanted by John Anderson for a multinational group's subsidiary of environment control engineering contractors. But since the subsidiary provides a design and building service to heavy industries world-wide, considerable travel will be needed.

The group thinks that this service could capture more of the available market especially in developing countries. And this will be among the tasks of the newcomer who will have total responsibility for the subsidiary's activities. Candidates should be engineers with copious experience of mechanical/process contracting, and with demonstrable ability to lead the company's sales and marketing effort throughout the world. Salary indicator is around £18,000. There is a profit-related bonus, and a car among the perks.

Inquiries to the head-hunter at John Anderson and Associates, Norfolk House, Smallbrook Queensway, Birmingham B5 4LJ; tel. 021-632 5758.

Computers

JOHN WILLIAMS of Whitehead Technical Services wants to hear from experienced computer executives interested in senior jobs in the Gulf with a U.S. oil group's computer services division. This is developing and supplying batch, on-line and real-time systems, and is divided into computer planning, systems and programming, operations research, process information, and computer operations.

Tax-free salaries from £13,000 to £16,000 with usual expatriate perks including free furnished accommodation for single or married workers. Inquiries to Mr. Williams at 21 Wigmore Street, London W1H 9LA; tel. 01-580 0191, telex 27789.

MANAGING DIRECTOR

COMMODITIES c.£30,000

A substantial international group, with interests mainly in non-ferrous metals and steel, requires a Managing Director for its London trading companies.

The primary responsibility will be to develop from its existing base both domestic and international business.

Please send a comprehensive career résumé, including salary history, quoting ref. 1098, to W. L. Tait.

Touche Ross & Co, Management Consultants
Hill House, 1 Little New Street, London EC4A 3TR.
Tel: 01-353 8011.

International Treasury Management

A leading U.S. bank seeks two experienced individuals to join its expanding London based consultancy team.

Senior Consultant

In addition to working closely with existing clients to develop strategies to minimise foreign currency risk, the individual will share responsibility for marketing the group's services in Europe and Scandinavia. Previous experience will have been gained either in a similar consulting role or as a member of a multi-national corporate treasury department.

Consultant

The individual will be expected to advise multinational corporations on short term currency movements. The ability to interpret emerging market trends and transact foreign exchange deals for clients is essential. Some travel will also be required in the UK and Europe. Applicants should have at least three years experience in an active foreign exchange dealing room.

Salaries and benefits for both positions will be highly competitive.

Write Box A.7465, Financial Times
10, Cannon Street, EC4P 4BY

Investment Management

to £15,500 + car London

This key appointment, the result of internal promotion, is with a well-known and progressive finance company which is active in investment overseas. The Investment Manager will be responsible for finding and negotiating investments in a defined world area and will manage an existing £multimillion portfolio. In addition the person appointed will be required from time to time to serve as a Director on overseas Boards of companies. Candidates, in their early to mid-thirties, will be qualified accountants with some industrial experience. A detailed knowledge of investment analysis is not essential. Overseas travel is a vital part of the activity and on average about six trips will be made each year. Salary is negotiable up to £15,500 plus car. Location is London.

Write or telephone for an application form or send brief CV to the address below, *quoting ref: AA38/7614/FT on both letter and envelope,* and advising us of any other applications you have made to PA Personnel Services within the last twelve months. No details are divulged to clients without prior permission. Initial interviews will be conducted by PA Consultants.

PA Personnel Services
Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

PA

A member of PA International

Banking Personnel

MARKETING TRAINEES

AGE: 24-28 £7,000-£10,000

We are currently retained by the Merchant banking subsidiary of one of the world's major banks, to provide a number of able, ambitious young people, principally from within the profession, (though recently qualified accountants would also be of interest) for outstandingly attractive career openings in the areas of corporate loans administration and credit analysis, with a definite view to marketing involvement in the near future.

We anticipate a heavy response to this advertisement, and would therefore ask that wherever possible you submit your application in writing for the attention of our General Manager Mark Stevens.

Our reputation is your guarantee of confidentiality

Director of Research

Building Services

up to £20,000 p.a.

The post of Director of Research of the Building Services Research and Information Association will become vacant by retirement at the end of May 1982. A Director-designate will be appointed to take up his duties on 1st January, 1982.

The Director is responsible to the Council for running the Association in its technical, financial and administrative aspects, and represents it to the membership, the construction industry, other research organisations and Government Departments, both in the UK and overseas.

The Association's laboratories are at Bracknell, Berkshire, with a staff of more than 80 who work on technical and management problems related to Building Services.

Candidates must be professionally qualified in a field relevant to the work, with successful experience in research management. Particular attention will be paid to those personal attributes that make for success in expanding membership and attracting fee-paying work.

The proposed starting salary is negotiable up to £20,000 p.a.; subsequent review will depend on personal performance. A car will be provided, and there is a contributory pension scheme.

Please write, enclosing details of training and career, within three weeks of the publication of this advertisement to:—

J. Campbell,
Chairman of Council
Building Services Research and Information Association,
c/o The Chartered Institution of Building Services,
Delta House,
222 Balham High Road,
London SW12 9BS.

JAMES FINLAY CORPORATION LIMITED

Investment Executive

James Finlay Corporation wish to appoint an investment executive to their expanding fund management division based in Glasgow.

The successful candidate is likely to be in his/her late 20s or early 30s and will have an established track record at senior management level in the fields portfolio management and investment analysis.

The salary is negotiable and commensurate with the importance of the position, and includes the usual benefits.

Written applications together with a curriculum vitae, which will be treated in strict confidence, should be sent to J. A. L. Cumming.

James Finlay Corporation Ltd.
Finlay House
10/14 West Nile Street
GLASGOW G1 2PP

Closing date for applications: 31.3.81

R-H

FX DEALERS

We are currently seeking experienced dealers for several City and overseas based institutions. Dealers considering a move and those wishing to be kept informed of impending/current vacancies are invited to apply. Salaries from £15,000—£45,000+.

CHIEF ACCOUNTANT

Expanding City bank seeks an Accountant to assist with the installation of a new computer system. Candidates should have a sound knowledge of dp and all areas of bank accounting. A.C.A. would be advantageous. Salary c £16,000.

Lee House, London Wall, London EC2Y 5AS. Tel: 01-606 6771

ROBERT HALF
Accountancy & Financial personnel specialists

PORTFOLIO ASSISTANT

The Canada Life Assurance Company has world-wide assets in excess of £1,500 million and its rapidly expanding investment programme in the U.K. and Ireland requires considerable management. We are now seeking a conscientious person who will be primarily responsible for stock selection in the equity area, to join our Investment Department which is based in the West End of London.

The appointment offers excellent scope for a graduate aged 22-25 years, with a minimum of one year's experience either with a stockbrokers office or a financial institution, preferably specialising in equities.

The starting salary will be commensurate with age and experience and the appointment carries the normal benefits associated with a major Life Assurance Company.

Please write in confidence, giving full personal and career details to: M. R. Collett, Personnel Manager, Canada Life House, High Street, Potters Bar, Herts, EN6 5BA. Telephone: Potters Bar 51122.

Canada Life

This advertisement is featured on page 59901S of Prestel

Financial Controller

(General Management Prospects)

West End from £17,000

An opening of considerable potential exists with a small, but internationally-owned and substantially-backed subsidiary in the service sector, which has resources for considerable expansion through diversification.

Reporting to the managing director, the person appointed will not only provide a full financial service, but also play an increasing role in the general management with a view to succeeding him on retirement.

Substantial business is done with West Africa and the appointee would be expected to make a number of visits (of a maximum of 6 weeks at a time) over the first 18 months to become familiar with the business and clients there.

Suitable candidates, male or female, will be in their early 30s and have a recognised accounting qualification coupled with experience in an international professional or commercial firm.

Salary need not be a limiting factor.

Short-listed candidates will be required to attend an interview in Paris.

For an application form telephone 01-236 3561 (24-hour service), or write to M. J. H. Coney, Executive Selection Division, quoting reference 12100/L.

Peat, Marwick, Mitchell & Co.

Executive Selection Division, 165 Queen Victoria Street, Blackfriars, London, EC4V 3PD.

International Financial Accountant

around £12,000

PA International has permanent staff in 22 countries and annual billings in excess of $150m. The group provides a comprehensive range of management consultancy services for all types of commercial, industrial, government and service undertakings.

This post represents an opportunity to play a key role at the Knightsbridge international headquarters where responsibilities will include preparation of international operating statements, consolidation of group accounts, financial control of three offshore subsidiaries and preparation of international headquarters management accounts. Liaison with senior executives and group accountants overseas may involve travel from time to time.

Candidates, qualified chartered accountants in their 20s, must have experience of international accounts. Career development could be within the group financial team or into management consultancy.

The competitive employment benefits package includes relocation assistance if necessary.

Write or telephone for an application form or send brief CV to the address below, *quoting ref: AA56/7613/FT on both letter and envelope,* and advising us of any other applications you have made to PA Personnel Services within the last twelve months.

PA Personnel Services
Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

PA

A member of PA International

Senior Marketing Executive London

Chemco Equipment Finance Limited, a subsidiary of Chemical Bank New York, and one of the major asset financing groups in the U.K. is looking to appoint a senior marketing executive for their continuing expansion programme.

This position would be of interest to leasing executives in their late 20s or early 30s with the drive and ambition to expand Chemco's market share in London and the Home Counties. The successful applicant will be based at our London Office.

The successful applicant will inherit an established portfolio of major clients and will be able to work in a sophisticated environment and negotiate with customers at very senior levels and have the flair and ambition to take Chemco's operation to its next stage of development.

This position offers an above average salary, plus all the usual benefits associated with senior posts in a major international financial institution.

Please write enclosing a CV to:
Terence G. Lawn, Chemco Equipment Finance Ltd.,
Chemical Bank House, 180 Strand, London, WC2R 1ET.

CHEMCO EQUIPMENT FINANCE LTD.

Reed Executive

The Country's most successful Recruitment Service

Financial Controller (London)

c £15,000 + car

This autonomous subsidiary of a major public company has long established and diverse operations in the Far East and Africa. As the senior financial and accounting executive for the London controlled subsidiaries, as well as Group Company Secretary, you will advise the Board on the financial and commercial implications of projected activities and trends. This will include accounting, treasury, legal and taxation matters. To exercise the degree of expertise required, your professional qualifications will need to have been supplemented with at least five years commercial exposure at a senior level, preferably including overseas activities.

Telephone: 01-283 9863 (24 hr. service) quoting Ref: 0443/FT. Reed Executive Selection Limited, 192 Bishopsgate, London, EC2M 4NR.

The above vacancy is open to both male and female candidates.

London · Birmingham · Manchester · Leeds

Is your SON or DAUGHTER on the right track?

A rushed career decision now could mean years of dissatisfaction and unhappiness. The Vocational Guidance Association are here to help with full professional careers advice.

Why not write or phone for our brochure today?
7 HARLEY HOUSE, UPPER HARLEY STREET, LONDON NW1 4RP
VGA 01-935 2600/8017

TINKER, TAILOR...

Group Financial Director

The company, based in the North of England, has a turnover in excess of £250 million in manufacturing and distribution. A tough, results-oriented Financial Director is required, who will not only lead the finance function, but will contribute to the overall management and strategic planning of the business.

Candidates should be Chartered Accountants with experience as Financial Director of *at least a medium sized public* company or a top level finance position in a major public company with both control and treasury funding experience.

The compensation package offered is extremely attractive, reflecting the high level of responsibility and size of the task.

Please reply with full curriculum vitae details to:

Box FT/668.
St James's Corporate *Communications* Ltd.
St James's House, 4/7 Red Lion Court, London EC4A 3EB.

Divisional Accountant

to £13,000 +Car and benefits

This is the senior financial position in a substantial and rapidly expanding operating division of a *successful large Group active in an International* growth sector.

The Divisional Accountant, who will have a comprehensive brief, will be particularly concerned with the provision of commercial advice and control information to Directors and Senior Management, the analysis and improvement of systems and the management and development of the accounting staff of 20+ people. Considerable use is made of computers within the business.

Applicants should be qualified accountants aged 30-35 with relevant commercial experience, preferably gained in a marketing driven fast *moving consumer goods or services business.* Career prospects for the successful person are very good.

In addition to salary, car and tangible fringe benefits *there is an attractive re-location scheme for those* who have to move home to or within the Midlands.

Please write in confidence to B. H. Mason at 78 Wigmore Street, London W1H 9DQ, showing clearly how *you meet our clients requirements,* quoting 6047/FT. Both men and women may apply.

John Courtis ...and Partners...

Qualified A.C.A.

with City-based experience

Age later 20's — **c. £15,000 + car and bonus**

Our client is a leading U.S. Investment Bank. Its City-based interests cover the U.K., Western Europe and the Middle East and include commodity trading, share dealing and financial advisory services.

Following the recent appointment of the International Controller, a new role has been created for a young Chartered Accountant, now out of the profession and with some experience in a related business.

The immediate priority is to improve the quality and scope of the information provided by the various activities and to assist senior management in controlling the international operations.

Some overseas travel will therefore be necessary and the package offered, which includes a salary of c. £15,000, car, profit-related bonus, etc., is aimed at attracting candidates with obvious career potential.

Please send a detailed c.v., in strict confidence, to Peter Wilson, F.C.A., at Management Appointments Limited (Recruitment Consultants), Albemarle House, 1 Albemarle Street, London W1X 3HF. Tel: 01-499 4879

Management Appointments Limited

APPOINTMENTS ADVERTISING

Rate £22.50 Per Single Column Centimetre

General Manager-Investments

Universities Superannuation Scheme-London

The Fund was set up in 1975 and membership is now mandatory for all university academic staff. There are 58,000 members from 230 institutions. Investments, at present externally managed, total over £800 million and are expected to rise to £1 billion by 1982. The Trustees have now decided to appoint a General Manager to handle the investment of their funds in house. Reporting to the Chairman of the Investment Sub-Committee, the initial task will be to set up, staff and manage the investment operation – gilts and equities – in the City, and ultimately to take over the funds now under outside management.

At least ten years' experience of investment management is required, with at least five years' experience, preferably in very large pension funds, of taking investment decisions and formulating policy on investment in gilts and equities. A record of competence in general management and administration is also needed. The preferred age range is 40 to 50 and a degree and/or a professional qualification is desirable.

Salary for discussion above £30,000. Benefits include a car and inflation proofed pension.

Those interested in the appointment or who wish to make a nomination are invited to communicate in confidence to P. M. E. Springman, MSL Executive Search.

This appointment is open to men and women.

MSL United Kingdom Australasia Benelux Canada France Germany Ireland Italy Scandinavia South Africa Switzerland U.S.A.

International Management Consultants
52 Grosvenor Gardens London SW1W 0AW
Tel: 01-730 0255

Unequalled in its range of job opportunities

BRITISH AEROSPACE

AIRCRAFT for EXPORT

British Aerospace facing a strong increase in business in the civil aircraft field with the new BAe 146 Feederliner, the Airbus and the 125 Business Jet needs to add to its commercial strength and in particular invites applications for the positions of

CONTRACTS NEGOTIATOR

Experienced in the preparation for, and the negotiation of, export contracts for high value capital goods, and

MANAGER EXPORT FINANCE

Experienced in arranging export finance for capital goods with Banks, ECGD, and other sources in the United Kingdom and overseas.

Applicants who may hold a degree, or be professionally qualified in accountancy or law will be in the preferred age range 30 to 40. The positions are based at Hatfield but will involve periodic overseas travel.

For the right applicants subsequent prospects are good.

Telephone or write with brief details of yourself to:

The Employment Manager,
BRITISH AEROSPACE AIRCRAFT GROUP
Hatfield-Chester Division,
Hatfield, Herts.
AL10 9TL.
Tel: Hatfield (07072) 62345, Ext. 372.

BRITISH AEROSPACE AIRCRAFT GROUP Hatfield

R-H

DIRECTOR OF AUDIT

Berks — **£15,000 + car + bonus**

A multi-billion U.S. corporation needs an ACA with substantial *multinational* audit experience in industry/commerce to lead a progressive and enthusiastic department. The candidate will be responsible for a substantial area of the world and report directly to H.O. The company adopts and projects a dynamic management style and requires a strong contribution-minded individual who does not see this as a final move.

OPERATIONAL AUDIT

Paris — **Salary Neg.**

A large American corporation seeks a young C.A. to join a small but *highly professional audit team. Concentrating on operational and* management reviews the job will also include elements of consultancy and investigations work. Prospects for a fine position within two years are excellent. European travel will be between 40 and 50%. Good to fluent Spanish or French essential.

ACA TO TRAVEL TO EUROPE

Surrey — **£11,000**

A U.S. multinational which maintains a friendly but professional approach to *financial management seeks a recently qualified* person from a large professional firm. The vacancy, which arises from a promotion to the group's Head Office, is within its European Audit Department which carries out a variety of financial and operational assignments. A knowledge of French or German *beneficial in this exciting career development opportunity.*

FINANCIAL CONTROLLER

West of London — **c £10,000 + car + bonus**

A small but expanding American company in a technologically advanced industry seeks a young qualified accountant to lead the finance department. Reporting to the Managing Director the Controller will take complete responsibility for the financial and management accounting of the company including a full monthly operational report to *the U.S. Staff of eleven. Applications are* invited from ambitious accountants with at least two years post qualification experience in profession or commerce.

STEPPING STONE

Essex — **£9,500 + car**

A large U.K. group offers a challenging future to a young, high calibre auditor who can demonstrate his/her career potential. This classic stepping *stone audit* role *initially provides* an in-depth view of the company's operations with an *emphasis upon* the *review* of management systems. The successful candidate is expected to progress *rapidly* to a senior line accounting position with one of the operating companies within the group.

Lee House, London Wall, London EC2Y 5AS Tel: 01-606 6771

ROBERT HALF
Accountancy & Financial personnel specialists

Hoggett Bowers

Executive Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM and SHEFFIELD

Group Accountant

Leisure Industry

Central London, c.£15,000 + car

This is a challenging new appointment which arises because of major reorganisation. The Group Accountant will be establishing an accounts department at the Head Office of a public company and looking after all accounting matters for the parent company and its UK subsidiaries. Candidates will be aged around 35/40, Chartered Accountants, and currently holding a responsible position within a large efficient organisation. Technical *competence, good inter-personal skills and a lively mind are essential qualities.* The group is expansion minded and has adequate cash resources. The responsibilities to be covered by this appointment are likely to grow and the prospects for the successful candidate are good.

J.R. Featherstone, Ref: 12219/FT. Male or female candidates should telephone in confidence for a Personal History Form **0532-448661**, *Minerva House, East Parade,* **LEEDS**, *LS1 5RX.*

INTERNATIONAL BANKERS

Wells Fargo Bank, a major US financial institution with over $20 billion in assets, seeks high calibre lending officers to join its UK Corporate Group.

Successful candidates will have a degree and/or professional qualification, have been with a leading bank for 2–3 years and have completed a formal training programme prior to undertaking some independent marketing activities including calls on major corporations.

An attractive remuneration package and appreciable growth prospects are offered.

Applications should be made in writing accompanied by a detailed curriculum vitae to:–
Mr. R. G. Stevenson, Assistant Vice President and Personnel Manager,
Wells Fargo Bank, 80 London Wall, London EC2M 5ND.

Wells Fargo Bank N.A.

Financial Controller

City Up to £16,500+Car

Our client, a progressive City based broking group with interests at Lloyds, predominantly in the marine field, is seeking to appoint a Financial Controller.

Reporting to the Group Finance Director, the Financial Controller will be responsible for a variety of financial matters which will include the co-ordination *and development of the accounting functions of the* holding company and its operating divisions.

The ideal candidate, having had a good education, will be a mature qualified accountant, probably aged over *30, commercially orientated with current* or recent experience of Lloyds broking.

In addition to an attractive salary and company car, there is an annual bonus, and the company operates a contributory pension scheme.

This appointment is open to both male and female candidates who should send adequate particulars initially, in confidence, to Peter Lee-Hale, Personnel Services *Division* of:

Spicer and Pegler Management Consultants, St. Mary Axe House, 56-60 St. Mary Axe, London EC3A 8BJ.

Jonathan Wren · Banking Appointments

The personnel consultancy dealing exclusively with the banking profession

U.K. LENDING OFFICER

c. £16,500 negotiable

This is a key appointment at the London office of a major Dutch bank.

The requirement is for an experienced U.K. lending officer to take responsibility for the generation and supervision of Sterling credits. This will encompass the identification and analysis of target companies and the presentation of credit proposals.

Suitable candidates would be experienced in the business development of U.K. domestic lending services, either for an international bank or at branch management level in a clearing bank.

The starting salary is negotiable in the region of £16,500, with fringe benefits in line with first-class international banking practice.

In the first instance please telephone, or write enclosing a detailed Curriculum Vitae to Richard Meredith.

First floor entrance New Street
170 Bishopsgate London EC2M 4LX 01-623 1266

Head of Radio Finance

The Independent Broadcasting Authority invites applications from qualified and experienced accountants for the above vacancy.

The IBA needs to be kept continuously informed about the financial standing of the Independent Local Radio *companies*, and regularly has to consider the financial aspects of its own radio duties and functions. The postholder will be centrally involved in these aspects of the Authority's work and will be required to analyse a series of particular situations and to recommend suitable action to deal with them. The duties will also cover the collation and *evaluation of facts* and figures about the ILR companies, present and future, and the assessment of marketing and economic factors affecting the plans for the development of ILR throughout the United Kingdom in the 1980's.

Candidates will require a demonstrable ability to understand ILR practice under competitive *business* conditions. Lucid and concise drafting ability is essential, together with the necessary liaison skills to communicate effectively within the IBA and the ILR Companies.

Excellent conditions of employment include a starting salary in the region of £14,000 per annum, dependent on qualifications and experience.

IBA INDEPENDENT BROADCASTING AUTHORITY

For a full job description and application form, please write to or telephone
The Head of Staff Administration and Services, IBA, 70 Brompton Road, London, SW3 1EY.
Telephone 01-584 7011 ext 281.
Closing date for receipt of completed applications: 17th April, 1981.

PASSED OVER? BLOCKED? REDUNDANT?

The words are a challenge to Chusid.

We'll evaluate your career opportunities and put you on the road to another position quickly and confidentially.

Send us your CV for appraisal, or better, call 01-637 2298 for a free, confidential appointment with a consultant.

CHUSID
Career consultants to senior people
35-37 Fitzroy Street, London W1.

هكذا من الأصل

COMPANY NOTICES

CanadianPacificEnterprisesLimited

DIVIDEND NOTICE

The Board of Directors of Canadian Pacific Enterprises Limited, at a meeting held at Montreal, Quebec, on the 6th day of March, 1981, resolved that a quarterly dividend of twenty-eight cents (28c) Canadian per share on the outstanding Common Shares of the Corporation be and the same is hereby declared payable on April 22, 1981 to shareholders of record at the close of business on April 1, 1981.

By order of the board,

G.S. MacLean,
General Manager, Administration and Corporate Secretary.
Montreal, Quebec, March 6th, 1981.

NOTICE TO HOLDERS OF OAK INDUSTRIES INTERNATIONAL N.V.

8¼% Convertible Subordinated Debentures due 1995

Pursuant to Section 11.04(f) of the Company's Indenture dated as of September 15, 1980 relating to the above Debentures, notice is hereby given as follows:

1. On February 13, 1981 the Board of Directors of Oak Industries Inc. resolved to make a two-for-one stock distribution of shares of its Common Stock to stockholders of record as of March 4, 1981.
2. Accordingly, the conversion price at which the above Debentures may be converted into shares of Common Stock of Oak Industries Inc. will be adjusted effective as of March 4, 1981. The conversion price in effect before such adjustment was $46 and the adjusted conversion price after the close of business March 4, 1981 will be $23.

OAK INDUSTRIES INTERNATIONAL N.V.
By: Continental Illinois National Bank and Trust Company of Chicago as Trustee

NEGIT S.A.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the eleventh ANNUAL GENERAL MEETING of NEGIT S.A. will be held at the registered office in Luxembourg, 10A, Boulevard Royal, on Tuesday 24th March, 1981, at 12 noon, for the purpose of considering the following Agenda:

1. To receive and adopt the Directors' Report and the Report of the Statutory Auditor for the year to 31st December, 1980.
2. To receive and adopt the Balance Sheet and Statement of Operations as at 31st December, 1980.
3. To approve payment of Directors' Fees.
4. To grant discharge to the Directors and the Statutory Auditor in respect of the execution of their mandates to 31st December 1980.
5. To receive and act on the statutory nomination for election of Directors and the Statutory Auditor for a new term of one year.
6. To appropriate the earnings.
7. To transact any other business.

The resolutions will be carried by a majority of those present or represented.

The shareholders on record at the date of the meeting are entitled to vote or give proxies. Proxies should arrive at the registered office of the Company not later than twenty-four hours before the meeting.

By Order of the Board.
J. PIERSON, Secretary.

NOTICE OF REDEMPTION

MORTGAGE BANK OF FINLAND OY

9¼% 1976-1983 Doll.U.S.20,000,000.-

Holders of the above mentioned loan are hereby informed that the annual instalment of Doll.U.S.2,500,000.- due April 1st, 1981, has been effected by repurchase.

The principal amount of bonds outstanding after the amortization of April 1st, 1981, will be Doll.U.S. 13,000,000.-.

It is recalled, that in the year 1979 the bonds drawn by lot were numbered 7260 to 8759 inclusive and that not all the bonds have been presented for payment as yet.

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme
Trustee

Luxembourg.
19th March, 1981.

SOCIETE FINANCIERE POUR LES TELECOMMUNICATIONS ET L'ELECTRONIQUE S.A. S.O.F.T.E.

LOAN OF US$50,000,000 1980/1986 FLOATING RATE

Guaranteed by
STET Società Finanziaria Telefonica per Azioni

Bondholders of this loan are hereby informed that the rate applicable for the third interest period has been fixed at 15 15/16%.

Coupon No. 3 will be payable as from September 16, 1981 at the price of US$81.46 equivalent to an interest of 15 15/16% worked out on the basis of 184/360th covering the period from March 16, 1981 to September 15, 1981 inclusive.

The Fiscal Agent
CREDIT LYONNAIS-LUXEMBOURG

G.U.S. INTERNATIONAL N.V. US$15,000,000.— 9½% 1974/1989

Bondholders are hereby informed that the amortisation of April 5 1981 for which an instalment of a nominal value of US$1,000,000 is due, has been entirely met by purchases in the market.

Coupons due on April 5 1981 will be payable at the following banks: CREDIT LYONNAIS, Luxembourg—CREDIT LYONNAIS, Brussels—CREDIT LYONNAIS, New York—CREDIT LYONNAIS, London—CREDIT LYONNAIS, Paris—FIRST NATIONAL CITY BANK, Frankfurt — FIRST NATIONAL CITY BANK, London.

Amount remaining in circulation after this third instalment: US$11,500,000.

The Fiscal Agent
CREDIT LYONNAIS —LUXEMBOURG

B.A.S.F. TRANSATLANTICA

LOAN OF FFR 100,000,000 7.50% 1972-1987

The FFR 4,000,000 redemption instalment due May 1 1981 has been met by purchases in the Stock Exchange.

Outstanding amount after May 1 1981:

FFR 68,000,000

The Paying Agent
BANQUE DE PARIS ET DES PAYS-BAS POUR LE GRAND-DUCHE DE LUXEMBOURG

SIAM COMMERCIAL (CAYMAN) LIMITED

U.S.$20,000,000 GUARANTEED FLOATING RATE NOTES DUE 1984

Guaranteed by
THE SIAM COMMERCIAL BANK LIMITED

Pursuant to the terms and conditions of the notes, notice is hereby given that the interest rate for the fourth interest period of 19th March, 1981 to 21st September, 1981 has been fixed at 15 5/16%.

The interest amount payable on 21st September, 1981 against coupon number four will be U.S.$78.47 per U.S.$1,000 note and U.S.$392.34 per U.S.$5,000 note.

CITICORP INTERNATIONAL BANK LIMITED
Agent Bank

LEGAL NOTICES

IN THE MATTER OF MONET OF LONDON LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 23rd day of April, 1981, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Stephen Daniel Swaden, FCA, of 3/4 Bentinck Street, London W1A 3BA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 12th day of March, 1981.
S. SWADEN, Liquidator.

IN THE MATTER OF CHATTERS SHIRT CO. LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 23rd day of April, 1981, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Stephen Daniel Swaden, FCA, of 3/4 Bentinck Street, London W1A 3BA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 12th day of March, 1981.
S. SWADEN, Liquidator.

IN THE MATTER OF GOSSIPP LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 23rd day of April, 1981, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Stephen Daniel Swaden, FCA, of 3/4 Bentinck Street, London W1A 3BA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 12th day of March, 1981.
S. SWADEN, Liquidator.

IN THE MATTER OF DREAMSTREET LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 23rd day of April, 1981, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Stephen Daniel Swaden, FCA, of 3/4 Bentinck Street, London W1A 3BA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 12th day of March, 1981.
S. SWADEN, Liquidator.

PUBLIC NOTICES

INVESTIGATION BY THE MONOPOLIES AND MERGERS COMMISSION PROPOSED ACQUISITION OF DAVY CORPORATION LTD. BY ENSERCH CORPORATION

On 3 March 1981, Mr. John Biffen, Secretary of State for Trade referred to Monopolies and Mergers Commission for investigation and report under the provisions of Fair Trading Act 1973, the proposed acquisition of Davy Corporation Ltd. by Enserch Corporation. The Commission is required to make its report by 2 September 1981.

Any person or organisation wishing to give information or views on this proposed acquisition should write as soon as possible to:

The Secretary
Monopolies & Mergers Commission
New Court
48 Carey Street
London WC2A 2JT.

CENTRAL REGIONAL COUNCIL — £3,000,000.00 bills issued on 18.3.81 at 11 47-64ths% to mature 17.6.81. Total applications were £19,000,000.00 and there are £7,000,000.00 bills outstanding.

THE METROPOLITAN BOROUGH OF KNOWSLEY — £1,000,000.00 bills issued on 18.3.81 at 11¼% to mature 17.6.81. Total applications were £11,000,000.00 and there are £2,000,000.00 bills outstanding.

EAST SUSSEX COUNTY COUNCIL — £4,000,000.00 bills issued 18.3.81 at 11¼% to mature 17.6.81. Total applications were £38,000,000.00 and there are £12,000,000.00 bills outstanding.

NORTH BEDFORDSHIRE BOROUGH COUNCIL — £500,000.00 bills issued 18.3.81 at 11¼% to mature 17.6.81. Total applications were £2,500,000.00 and there are £500,000.00 bills outstanding.

NORFOLK COUNTY COUNCIL — £8m 91-day bills issued 18/3/81 due 17/6/81 at 11¼% p.a. Total applications £43m. Outstanding £16m.

STRATHCLYDE CORPORATION BILLS — £9,000,000 Bills issued 18th March, 1981, at 11.6953125% to mature 17th June, 1981. Applications £73,000,000. Outstanding £36,000,000.

CONTRACTS AND TENDERS

LINCOLNSHIRE COUNTY COUNCIL

Lincolnshire County Council intends to enter into leasing facilities for plant and vehicles in the forthcoming three years.

Any persons who wish to be placed on a standing list from whom tenderers for those facilities will be selected should apply in writing to the County Treasurer of Lincolnshire County Council by the 16 April 1981.

D. B. Barrett, County Treasurer
County Offices, Newland, Lincoln.

LEGAL NOTICES

BANQUE DE CREDIT INTERNATIONAL GENEVE EN LIQUIDATION CONCORDATAIRE

COMMUNICATIONS ET OFFRES DE CESSION

1. Selon l'article 260 LP, la masse offre la cession de droits relatifs à des biens immobiliers sis en Afrique du Sud pour le prix de Fr. 25,000.- (vingt cinq mille francs suisses) à payer comptant. L'acceptation doit parvenir à la Banque dans la quinzaine suivant la présente publication. Pour tout renseignement complémentaire, s'adresser au siège de la Banque.
2. En règlement final des transactions intervenues avec les anciens organes de la BCI, la masse a renoncé à faire valoir certaines prétentions dont elle offre la cession, conformément à l'article 260 LP, et sur la nature et le détail desquelles les créanciers intéressés peuvent se renseigner en s'adressant au siège de la Banque. L'acceptation de cette offre de cession doit intervenir dans la quinzaine suivant la présente publication.

Genève, le 18 mars 1981.
Les liquidateurs

CURRENCIES, MONEY and GOLD

Dollar weak

Dollar lost ground sharply in currency markets yesterday as Tuesday's U.S. economic indicators led to a further decline in interest rates. This prompted some degree of profit-taking, while a firmer trend in West German rates also undermined dollar interest.

Sterling benefited from the weakness of the dollar, but showed small losses against European currencies. Nevertheless, it was slightly firmer overall, as shown by its trade weighted index.

European currencies continued to show strains within the European Monetary System. The Italian lira eased to its divergence limit, with the latter defined as 75 per cent of the maximum permitted divergence, and the point where the central bank concerned is expected to take corrective action. The system suffered further pressure as the Belgian franc stood resolute outside its divergence limit. The French franc improved into second place behind the strongest currency, the D-mark.

DOLLAR — trade weighted index (Bank of England) fell to 98.5 from 99.1. The dollar was weaker yesterday as Euro-dollar rates fell. The three-month rate was quoted at 13⅞ per cent after 14¼ per cent on Tuesday, while the six-month rate was lower at 13 15/16 per cent compared with 15 per cent. Against the D-mark, the dollar closed at DM 2.0580, its lowest level for nearly two months, and well down from Tuesday's figure of DM 2.0880. Similarly against the Swiss franc it fell to SwFr 1.8680 from SwFr 1.9010 and Y207.70 from Y207.75 in terms of the Japanese yen.

STERLING—trade weighted index (Bank of England) rose to 100.2 from 99.9, having stood at 100.0 at noon and 100.2 in the morning. After opening at $2.2740 against the dollar, sterling dipped briefly to $2.2660 before coming back to $2.2725 at noon. Renewed dollar interest saw the rate fall to $2.2675, but it soon recovered to $2.2700. A late flurry pushed sterling to a close of $2.2790-2.2800, a rise of 3.05c.

D-MARK—A sharp rise in German interest rates coupled with the introduction of a special Lombard facility has led to a recovery by the D-Mark, and it is now the strongest currency within the European Monetary System. Previously, high foreign interest rates and Germany's continuing large balance of payments deficit had put pressure on the German currency against the dollar and within the EMS. Tension over the situation in Poland remains a market factor—The D-mark was slightly firmer at yesterday's fixing in Frankfurt, with sterling lower at DM 4.6860 compared with DM 4.6950, and the Swiss franc easier at DM 1.1004 against DM 1.1015. On the other hand the Dutch guilder rose to DM 90.37 per Fl 100 from DM 90.15. The U.S. dollar was fixed at DM 2.0647 against DM 2.0823 on uesday, reflecting a further narrowing of the difference between U.S. and German interest rates.

BELGIAN FRANC — A continued weakness within the EMS has prompted the Belgian National Bank to increase short term interest rates, but it has resisted a rise in the discount rate so far, for fear of damaging further an already depressed economy. The D-mark's recent sharp recovery has also put pressure on the Belgian unit—The Belgian franc remained weak in Brussels yesterday. Intervention in the foreign exchange market by the Belgian authorities in support of the franc, was reflected in figures released for the week to March 16, which showed a drop in Belgian ECU holdings of nearly 12 billion to 63 billion ECUs. No change in the discount rate was the expected outcome of yesterday's regular board meeting of the National Bank.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU March 18	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	39.7897	41.6571	+4.69	+1.75	±1.53
Danish K'one ...	7.72336	7.98744	+3.42	+0.48	±1.64
German D-Mark	2.48208	2.54084	+2.37	−0.57	±1.125
French Franc ...	5.84700	5.98935	+2.43	−0.51	±1.3557
Dutch Guilder...	2.74362	2.81283	+2.52	−0.42	±1.512
Irish Punt.........	0.668201	0.695524	+4.09	+1.15	±1.668
Italian Lira	1157.79	1239.96	+7.10	+4.08	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

THE POUND SPOT AND FORWARD

March 18	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2660-2.2810	2.2790-2.2800	0.13-0.23c dis	−0.95	0.75-0.85dis	−1.40
Canada	2.6770-2.6940	2.6925-2.6935	0.90-1.00c dis	−4.23	2.35-2.55dis	−3.64
Nethlnd.	5.17-5.21	5.18¾-5.19¾	1⅛-⅞c pm	2.02	3⅛-2⅞ pm	2.21
Belgium	76.60-77.10	76.80-76.90	par-10c dis	−0.78	13-23 dis	−0.94
Denmark	14.71-14.76	14.75-14.76	2½-4ore dis	−2.59	6⅛-8⅞ dis	−1.88
Ireland	1.2810-1.2880	1.2820-1.2835	0.04-0.19p dis	−1.07	0.27-0.45dis	−1.12
W. Ger.	4.67-4.71	4.69-4.70	⅜pf pm-⅛ dis	0.64	1⅛-⅞ pm	0.74
Portugal	126.50-127.50	127.15-127.35	15c pm-60 dis	−2.12	5pm-130dis	−1.98
Spain	190.00-191.40	191.15-191.35	10-55c dis	−2.04	115-155dis	−2.82
Italy	2284-2293	2291-2293	10½-12½lire dis	−6.02	31¾-34¾dis	−5.80
Norway	12.03-12.08	12.06-12.07	1⅞-⅞ore pm	0.99	3½-1⅞ pm	0.89
France	11.03-11.08½	11.07-11.08	1½-½c pm	1.08	1¼-⅜ pm	0.45
Sweden	10.27-10.32	10.30½-10.31½	4½-5ore dis	−5.31	11¼-12 dis	−4.48
Japan	467-475	473-474	1.85-1.55y pm	4.31	5.35-5.05 pm	4.39
Austria	33.10-33.30	33.22-33.27	5gro pm-par	0.90	15-5 pm	1.20
Swit.	4.24½-4.28½	4.26½-4.28½	2⅛-1⅞c pm	4.58	5½-4½ pm	4.69

Belgian rate is for convertible francs. Financial franc 78.65-78.75.
Six-month forward dollar 1.60-1.70c dis. 12-month 3.60-3.80c dis.

THE DOLLAR SPOT AND FORWARD

March 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2660-2.2810	2.2790-2.2800	0.13-0.23c dis	−0.95	0.75-0.85dis	−1.40
Ireland†	1.7615-1.7850	1.7800-1.7820	0.05ppm-0.10dis	−0.51	0.10-0.25dis	−0.40
Canada	1.1805-1.1832	1.1813-1.1816	0.23-0.28c dis	−2.59	0.35-0.40dis	−1.27
Nethlnd.	2.2750-2.2910	2.2840-2.2850	0.70-0.60c pm	3.41	2.25-2.15 pm	3.85
Belgium	33.70-22.96	33.72-33.74	3-1c pm	0.71	7-4 pm	0.65
Denmark	6.4650-6.5140	6.5100-6.5125	par-½ore dis	−0.46	par-½ dis	−0.15
W. Ger.	2.0550-2.0750	2.0575-2.0585	0.23-0.17pf pm	1.17	1.15-1.09 pm	2.18
Portugal	55.70-56.00	55.70-55.85	10c pm-20 dis	−1.07	25pm-50dis	−0.89
Spain	83.79-84.25	83.85-83.95	5c pm-10 dis	−0.36	5-25 dis	−0.71
Italy	1005-1010	1005-1006	3-3½lire dis	−4.01	9½-11 dis	−4.06
Norway	5.3000-5.3210	5.3135-5.3155	1.05-0.55ore pm	1.81	3.60-3.10 pm	2.52
France	4.8460-4.8825	4.8550-4.8600	0.90-0.80c pm	2.09	2.60-2.40 pm	2.05
Sweden	4.5200-4.5405	4.5355-4.5375	1.40-1.55ore dis	−3.90	3.20-3.35dis	−2.89
Japan	206.50-208.50	207.65-207.75	1.10-0.95y pm	5.92	3.25-3.10 pm	6.11
Austria	14.60-14.67	14.63¾-14.64¾	3.40-2.10gro pm	2.25	11.50-8.00 pm	2.66
Swizz.	1.8660-1.8860	1.8675-1.8685	1.02-0.92c pm	6.23	3.00-2.90 pm	6.32

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Mar. 18	Bank of England Index	Morgan Guaranty Changes%
Sterling	100.2	−26.5
U.S. dollar	98.5	−5.3
Canadian dollar	85.6	−17.6
Austrian schilling	117.2	+22.5
Belgian franc	108.2	+9.6
Danish kroner	90.4	−10.0
Deutsche mark	121.8	+41.1
Swiss franc	156.7	+76.4
Guilder	113.0	+15.7
French franc	87.2	−9.5
Lira	61.2	−53.9
Yen	145.0	+41.0

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Mar. 17	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.548193	0.541304
U.S. $	13	1.23690	1.22118
Canadian $	17.11	1.46615	1.44771
Austria Sch.	6¾	18.2246	17.9911
Belgium F.	12	42.1689	41.6423
Danish K.	11	8.10132	7.99265
D mark	7½	2.57351	2.54177
Guilder	9	2.84999	2.813 0
French Fr.	9½	6.07321	5.99661
Lira	16½	1253.20	1238.28
Yen	6¼	256.078	252.724
Norwgn. Kr.	9	6.62257	6.51684
Spanish Pts.	8	104.518	103.251
Swedish Kr.	12	5.64782	5.57286
Swiss Fr.	4	2.33684	2.30986
Greek Dr'ch.	—	—	62.0971

OTHER CURRENCIES

Mar. 18	£	$		£ Note Rates
Argentina Peso	5313-5333	2338-2348	Austria	32.90-33.30
Australia Dollar	1.9450-1.9490	0.8540-0.8546	Belgium	78.00-78.80
Brazil Cruzeiro	169.46-170.46	74.69-75.06	Denmark	14.63-14.78
Finland Markka	9.099-9.111	4.0110-4.0130	France	10.98-11.08
Greek Drachma	112.574-115.431	50.10-50.20	Germany	4.67-4.71½
Hong Kong Dollar	11.88¼-11.90	5.2300-5.2350	Italy	2260-2340
Iran Rial	168.00*	74.55*	Japan	470-476
Kuwait Dinar(KD)	0.617-0.623	0.2731-0.2733	Netherlands	5.15-5.21
Luxembourg Frc.	76.80-76.90	33.72-33.74	Norway	12.02-12.14
Malaysia Dollar	5.13-5.14	2.2575-2.2605	Portugal	123-127
New Zealand Dlr	2.4580-2.4630	1.0790-1.0800	Spain	185½-197¼
Saudi Arab. Riyal	7.57-7.63	3.3465-3.3480	Sweden	10.25-10.35
Singapore Dollar	4.7225-4.7325	2.0790-2.0830	Switzerland	4.23-4.27½
Sth African Rand	1.7870-1.7890	0.7840-0.7850	United States	2.26¼-2.28
U.A.E. Dirham	8.31-8.37	3.6710-3.6725	Yugoslavia	75-80

Rate given for Argentina is free rate. * Selling rate.

EXCHANGE CROSS RATES

Mar. 18	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.280	4.695	473.5	11.075	4.260	5.193	2292.	2.693	76.85
U.S. Dollar	0.439	1.	2.060	207.7	4.859	1.869	2.278	1005.	1.181	33.71
Deutschemark	0.213	0.486	1.	100.9	2.359	0.907	1.106	488.2	0.574	16.37
Japanese Yen 1,000	2.112	4.814	9.916	1000.	23.39	8.997	10.97	4841.	5.687	162.3
French Franc 10	0.903	2.058	4.239	427.5	10.	3.847	4.688	2070.	2.432	69.39
Swiss Franc	0.235	0.535	1.102	111.2	2.600	1.	1.219	538.0	0.632	18.04
Dutch Guilder	0.193	0.439	0.904	91.19	2.133	0.820	1.	441.4	0.519	14.80
Italian Lira 1,000	0.436	0.995	2.048	206.6	4.832	1.859	2.265	1000.	1.175	33.53
Canadian Dollar	0.371	0.846	1.743	175.8	4.113	1.582	1.928	851.1	1.	28.54
Belgian Franc 100	1.301	2.966	6.109	616.1	14.41	5.543	6.757	2982.	3.504	100.

FT LONDON INTERBANK FIXING (11.00 a.m. MARCH 18)

3 months U.S. dollars		6 months U.S. dollars	
bid 14 1/16	offer 14 3/16	bid 14 1/4	offer 14 5/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Mar. 18	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	12⅛-12⅜	13⅜-13⅝	16-17	9⅝-9⅞	2¾-3¼	10⅝-10⅞	11⅜-11⅝	15½-17½	12-13	7½-7¾
7 days' notice	12¼-12½	13⅝-13⅞	16-17	9¾-10	2½-3	11⅛-11⅜	11⅜-11⅝	16-18	12-12½	7¾-8
Month	12 5/16-12⅝	13¼-13½	16⅜-16¾	10⅛-10¼	7⅝-7⅞	11 15/16-12 1/16	11⅛-11⅜	17½-18½	12⅞-13	7¾-8
Three months	12 5/16-12⅝	13 13/16-14 1/16	15⅞-16¼	10 1/16-10 3/16	7⅝-7¾	11 11/16-11 13/16	11⅞-12⅛	18-19	13⅜-13⅝	7¾-8
Six months	12½-12⅝	13 13/16-14 1/16	15⅝-15¾	10 1/16-10 3/16	7⅝-7¾	11 7/16-11 9/16	12⅛-12⅝	18¼-19¼	13⅝-13¾	7¾-8
One Year	12⅜-12½	14-14¼	14⅜-14¾	10½-10⅝	7⅝-7¾	10⅞-11	12⅞-13⅛	18¾-19¾	13¾-13⅞	7¾-8

SDR linked deposits: one-month 11 15/16-12 3/16 per cent; three-months 12⅜-12⅝ per cent; six-months 12 5/16-12 9/16 per cent; one-year 12 5/16-12 9/16 per cent. ECU linked deposits: one-month 12⅜-12⅝ per cent; three-months 12½-12⅞ per cent; six-months 12 7/16-12 13/16 per cent; one-year 12½-12⅞ per cent.

Asian $ (closing rates in Singapore): one-month 13 5/16-13 7/16 per cent; three-months 13 15/16-14 1/16 per cent; six-months 14⅛-14⅜ per cent; one year 14 5/16-14 7/16 per cent. Long-term Eurodollar two years 14¼-14⅝ per cent; three years 14¼-14⅝ per cent; four years 14¼-14⅝ per cent; five years 14¼-14⅝ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 13.75-13.85 per cent; three-months 13.75-13.85 per cent; six-months 13.65-13.75 per cent; one year 14.30-14.40 per cent.

INTERNATIONAL MONEY MARKET

German rates firm

Large seasonal tax payments led to tighter conditions in the Frankfurt money market yesterday. German call money rose to a peak of 12.25 per cent, and generally traded around 11.80-12 per cent, compared with 10.50-11 per cent on Tuesday. The special Lombard facility remained open yesterday at 12 per cent. There are four major tax months in the year, including March, and this is expected to drain about DM 30bn from the money market in the next two weeks.

One-month money firmed to 12.75-13 per cent from 12.70-12.90 per cent, but longer term rates showed little change.

In Amsterdam interest rates showed an easier trend as conditions remained comfortable on the Dutch money market. Day-to-day money fell to 8¾-9 per cent, but was expected to rise back to 10 per cent today as banks repay Fl 1.4bn of special discount facilities to the central bank. Unless there are any sharp movements in dollar or D-mark interest rates there seems little reason to expect a renewal of the special facility this month. Market speculation centred around a possible end of the 1 per cent surcharge on base lending rates charged by the commercial banks. This was imposed just before the recent rise in the Nederlandsche Bank discount rate.

MONEY RATES

NEW YORK	
Prime Rate	17½
Fed. Fund	13.13¼
Treasury Bills (13-week)	12.72
Treasury Bills (26-week)	11.85
GERMANY	
Discount Rate	7.5
Overnight Rate	11.75
One month	12.875
Three months	13.375
Six months	12.90
FRANCE	
Discount Rate	9.5
Overnight Rate	11.75
One month	12.00
Three months	12.0625
Six months	12.3125
JAPAN	
Discount Rate	6.25
Call (Unconditional)	7.5625
Bill Discount (three-month)	7.53125

UK MONEY MARKET

Adequate supply

Conditions were very easy in the London money market yesterday, despite the fact that it was make up day for the banks. A fairly large surplus of funds was originally expected, but in the event the authorities did not intervene to absorb any money.

Banks brought forward small surplus balances, and there was a moderate excess of Government disbursements over revenue payments to the Exchequer. On the other hand the authorities held a small number of maturing commercial bills.

Discount houses paid up to 12 per cent for secured call loans, with closing balances taken at 11-11¾ per cent. In the interbank market overnight loans opened at 11½-11¾ per cent, and closed at 12-12½ per cent. Although the expected surplus failed to materialise it is probable that one or two of the major banks will bring forward further surplus balances.

GOLD

Sharp rise

Gold rose $17 an ounce in the London bullion market yesterday to close at $508-511. It opened at $507-510 and reached a best level of $510-513, as a fall in the dollar and lower U.S. interest rates prompted renewed interest in the metal, notably from Switzerland and the Middle East.

In Paris the 12½ kilo bar was fixed at FFr 85,250 per kilo ($544.47 per ounce) in the afternoon, compared with FFr 86,250 ($551.00) in the morning and FFr 85,700 ($542.44) on Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 33,970 per kilo ($512.00 per ounce) against DM 33,575 ($501.02) previously, and closed at 509-512 compared with $492-495 per ounce on Tuesday.

In Zurich gold finished at $506-$509 against $493-496 previously.

	Mar. 18		Mar. 17	
Gold Bullion (fine ounce)				
Close	$508-511	(£222¾-224¼)	$491-494	(£218-219¼)
Opening	$507-510	(£223¼-224½)	$498-501	(£221¼-222½)
Morning fixing	$510.25	(£224.454)	$498.25	(£221.494)
Afternoon fixing	$506	(£222.937)	$493.25	(£219.105)
Gold Coins				
Krugerrand	$526-527	(£230½-231¼)	$506-508	(£224¾-225½)
1/2 Krugerrand	$270-271	(£118½-119)	$260-261	(£115½-116)
1/4 Krugerrand	$138-139	(£60½-61)	$133-134	(£59-59½)
1/10 Krugerrand	$57-58	(£25-25½)	$54½-55½	(£24¼-24¾)
Mapleleaf	$521-523	(£228½-229½)	$502-503	(£223-223½)
New Sovereigns	$127¾-128¾	(£56-56½)	$123-124	(£54½-55)
King Sovereigns	$145-147	(£63½-64½)	$142½-144½	(£63¼-64¼)
Victoria Sovs.	$145-147	(£63½-64½)	$142½-144½	(£63¼-64¼)
French 20,s	$165-167	(£72½-73¼)	$167-170	(£74¼-75½)
50 pesos Mexico	$630-635	(£276½-278½)	$610-615	(£270¾-273)
100 Cor. Austria	$492-497	(£216-218)	$480-485	(£213-215¼)
$20 Eagles	$625-630	(£274¼-276¼)	$614-619	(£272¾-275)

LONDON MONEY RATES

Mar. 18 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ϕ	Eligible Bank Bills ϕ	Fine Trade Bills ϕ
Overnight	—	11-12½	12⅛	—	—	12¼	11-12	—	—	—
2 days notice	—	—	12⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12⅛-12⅜	12⅛-12⅝	—	12⅝	12⅞	11¾-12	—	—	—
One month	12⅝-12½	12 7/16-12 9/16	12½-12⅝	13⅞-13⅝	12⅞	13	12	11 11/16	12 1/32	13¼
Two months	12⅝-12½	12 7/16-12 9/16	—	13⅝-13¼	12⅞	13	12	11¾	11 27/32-11⅞	12 15/16
Three months	12 5/16-12¼	12 7/16-12 9/16	12⅝	13-12⅞	12⅞	13	11¾-11⅞	11⅝-11 21/32	11 21/32-11¾	12 7/16
Six months	12¼-12⅛	12⅜-12½	12¼-12⅜	12¾-12⅝	12¾	13	—	—	11⅝-11½	11⅝
Nine months	12 3/16-12 1/16	12¼-12 7/16	—	12¾-12⅝	12⅝	12⅞	—	—	—	—
One year	12⅛-12	12⅛-12 5/16	12 1/16-12 7/16	12⅜-12¼	12 5/16	12⅞	—	—	—	—
Two years	—	—	12½-12¾	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 12¾-13 per cent; four years 13-13¼ per cent; five years 13¾-13¾ per cent. ϕBank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11⅝-11 21/32 per cent; four-months trade bills 12⅞ per cent.

Approximate selling rate for one-month Treasury bills 11 21/32-11¾ per cent; two-months 11⅝-11 21/32 per cent; three-months 11 17/32-11 9/16 per cent. Approximate selling rate for one-month bank bills 11 27/32 per cent; two-months 11¾-11 25/32 per cent; three-months 11⅝-11 21/32 per cent; one-month trade bills 13 per cent; two-months 12 27/32 per cent and three-months 12 13/16 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14 per cent from March 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.6351 per cent.

WORLD STOCK MARKETS

Early Dow 5.7 improvement

DECLINING interest rates gave fresh support to Wall Street yesterday morning, after Tuesday's late downturn.

The Dow Jones Industrial average, which surrendered 10 points on Tuesday of its recent sharp rise, had recouped 5.76 at 998.29 by 1 pm yesterday. The NYSE All Common Index moved ahead 42 cents to $77.23, more than retrieving the previous day's setback of 38 cents. Gains outscored declines by an eight-to-five ratio after a large but reduced volume of 36.63m shares, down from Tuesday's 1 pm level of 47.69m.

Two major banks cut their broker loan rates, one to 15¾ per cent and another to 15½ per cent. Changes in the broker loan rate often precede Prime Rate changes.

News on Tuesday of weak industrial production and a sharp fall in housing starts in February, and news yesterday of a fall in February factory usage, suggest a weak economy which should ease upward pressure on prices and interest rates, analysts said.

Volume leader Clorox added ½ at $13⅝. A block of 250,000 shares were traded at $13½. Dayton Hudson, in second place, put on ½ to $53⅞. It reported higher fourth-quarter net earnings.

General Dynamics lost $1 to $33¼. Tenneco has been awarded a $1.5bn submarine contract by the Navy after complaints about Dynamics' performance on similar work. Tenneco tacked on ⅛ to $45⅞. Dynamics said it now faces extensive lay-offs.

American Telephone hardened ¼ to $52⅞ on announcing higher profits for the three months ended February 28. IC Industries climbed 3½ to $34⅞. It was the subject of a bullish Press report.

THE AMERICAN SE Market Value Index was 1.74 higher at 347.40 at 1 pm. Volume 3.29m shares (4.46m).

Active Greenman Brothers rose 1½ to $5⅞. Initio said it has held talks on possible purchase of a block of Greenman stock at $7 a share but talks ended with no agreement.

Active Felmont Oil jumped 5⅞ to $56⅞ and Terra Chemical 2¼ to $16¼.

Canada

Markets displayed renewed firmness in fairly active early dealings. The Toronto Composite Index added 11.0 at 2,273.8, Golds 47.0 at 4,230.4 and Oil and Gas 6.4 at 4,233.7. In Montreal, Banks rose 3.78 to 404.01.

Tokyo

Following Tuesday's mixed performance on profit-taking, the market resumed its advance with vigour yesterday on meeting strong selective foreign buying in the wake of the Japanese Official Discount Rate cut and lower short-term interest rates. A Japanese Press report that Saudi Arabia may invest about U.S.$1bn in Japanese stocks was also buoying the market.

The Nikkei-Dow Jones Average climbed 56.28 to 7,176.67 and the Tokyo SE index 5.31 to 517.27, although rises only outnumbered declines on the First Market section by 344 to 323. There was a large turnover of 460m shares, against Tuesday's 350m.

Blue Chips, high-priced and large-capital stocks were all hunted actively and paced the market to a sharp advance.

Hitachi moved ahead Y21 to Y368, Toshiba also Y21 to Y264, Nippon Steel Y5 to Y151, Mitsubishi Electric Y21 to Y242, Matsushita Electric Y54 to Y969, Pioneer Electronics Y70 to Y3,170, Sony Y40 to Y3,720, Canon Y26 to Y905, Fuji Photo Film Y70 to Y1,270 and Victor Y110 to Y2,990. Trading House Mitsubishi rose Y36 to Y704.

However, Oils, Coals, Constructions and Foods were lower on profit-taking. Teikoku Oil receded Y40 to Y1,020.

Germany

A continued strong rally on West German Bond markets helped to push a majority of shares further ahead in active trading. Brokers added that foreign investor interest in West German stocks and Bonds is growing sharply with the decline of the dollar and U.S. interest rates and the rise of the Deutsche Mark. The Commerzbank index was 2.0 higher at 691.5.

Bayerische Vereinsbank shook off disappointment over Tuesday's announcement that its dividend will be unchanged, and gained DM 4 at DM 287.

Volkswagen put on DM 2.60, while in Engineerings, MAN added DM 2.60 and GHH DM 2.50.

On the Domestic Bond market, the Regulating Authorities sold DM 98.2m of public paper, after DM 82.4m sales the previous day, as prices were marked up by as much as DM 1.05. Mark Eurobonds were also strong with gains of up to two points.

Paris

A widespread decline occurred in quiet trading, reflecting news of lower French industrial production in January and Wall Street's downturn overnight.

BP's drop in net profit to a break-even result in 1980 also depressed sentiment in Oils, although BP only shed 20 centimes to FFr 108.80. Elf Aquitaine retreated FFr 15 to FFr 1,228, CFP FFr 5 to FFr 227 and Esso FFr 7.30 to FFr 257.50.

Johannesburg

Most Gold shares moved ahead on the stronger Bullion price, with FS Geduld rising R2.75 to R53.75 and Kloof R2 to R37.50.

Mining Financials and Platinums also advanced, with Anglos gaining 55 cents to R16.55, Implats 80 cents to R9.90 and Rusplats 70 cents to R6.10. Diamond leader De Beers put on 20 cents to R9.45.

Hong Kong

The recent advancing trend continued in fairly quiet trading, with the Hang Seng index adding 15.53 at 1,390.85 for a three-day rise of 67.59.

The market was supported by declining U.S. prime rates, which prompted further hopes of a reduction in local interest rates at the end of the week, and by some good local buying.

Swire Pacific "A" rose 50 cents to HK$14.00, HK Electric 30 cents to HK$7.90, Cheung Kong 25 cents to HK$31.00 and HK Land 20 cents to HK$10.90.

China Light put on 30 cents to HK$9.45 and Swire Properties 60 cents to HK$14.70.

Australia

Markets again made a rather mixed showing yesterday, lacking the recent strong demand. However, some moderate selective buying was noted, lifting a few Oil and Gas issues and Minings, leaving the Industrials sector firmer-inclined. The Australian All Ordinaries index edged up 2.9 to 686.9.

Weeks Petroleum rose 70 cents to A$7.00, Vamgas 20 cents to A$8.00 and Beach Petroleum 10 cents to A$2.60, but Santos, up A$1.10 the previous day, receded 40 cents to A$18.10.

Western Mining improved 12 cents to A$5.24, CRA 10 cents to A$4.90 and MIM 5 cents to A$4.45, but Hamersley shed 10 cents to A$3.10 and Coals-related concern Howard Smith lost 40 cents to A$9.10.

Among Golds, Central Norseman firmed 10 cents to A$7.90, Kitchener 20 cents to A$3.80 and Emperor 15 cents to A$2.55, while GMK was steady at A$7.30.

News that three uranium producers are to settle an anti-trust suit with Westinghouse Electric out of court saw Pancontinental up 10 cents at A$11.30 and Mary Kathleen Uranium untraded.

Woolworths put on 7 cents to A$2.05, while also in the Retailers section, G. J. Coles hardened 3 cents to A$2.40. Property concern Hooker, however, declined 7 cents to A$1.83.

Closing prices for North America were not available for this edition.

Indices

NEW YORK —DOW JONES

	Mar. 17	Mar. 16	Mar. 13	Mar. 12	Mar. 11	Mar. 10	1980/81 High	1980/81 Low	Since Cmpil't'n High	Since Cmpil't'n Low
◆Industr'ls	992.53	1002.79	985.77	989.82	967.67	972.66	1004.68 (6/1/81)	759.13 (21/4)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	62.66	62.46	62.56	62.22	62.12	61.98	76.61 (25/6)	60.96 (18/12)	—	—
Transport..	425.19	427.13	420.40	417.43	404.28	405.01	427.15 (16/3/81)	253.68 (27/3)	427.13 (16/3/81)	12.23 (8/7/32)
Utilities....	106.93	105.53	106.91	109.99	107.67	109.08	117.81 (6/1/81)	95.04 (27/3)	163.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000's†	65,920	43,940	68,290	54,640	47,390	56,610	—	—	—	—

◆Day's high 1011.08 low 986.22

	Mar. 13	Mar. 6	Feb. 27	Year ago (approx
Ind. div. yield %	5.66	5.74	5.66	6.41

STANDARD AND POORS

	Mar. 17	Mar. 16	Mar. 13	Mar. 12	Mar. 11	Mar. 10	1980/81 High	1980/81 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls ...	151.65	152.63	150.86	151.11	147.66	147.95	160.96 (28/11)	111.09 (27/7)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	133.92	134.08	133.11	133.13	129.95	130.46	140.52 (28/11)	98.22 (18/2/80)	140.52 (28/11/80)	4.40 (1/6/32)

	Mar. 11	Mar. 4	Feb. 25	Year ago (approx
Ind. div. yield %	4.68	4.63	4.46	5.37
Ind. P/E Ratio	9.16	9.27	9.11	7.56
Long Gov. Bond Yield	12.53	12.87	12.75	12.29

N.Y.S.E. ALL COMMON

Mar. 17	Mar. 16	Mar. 13	Mar. 12	1980/81 High	1980/81 Low
76.81	77.19	76.32	76.27	81.02 (28/11)	65.30 (22/1/80)

Rises and Falls

	Mar. 17	Mar. 16	Mar. 13
Issues Traded	1,972	1,949	1,925
Rises	818	1,082	967
Falls	785	497	607
Unchanged	371	370	351
New Highs	140	126	141
New Lows	6	8	4

MONTREAL

	Mar. 17	Mar. 16	Mar. 13	Mar. 12	1980/81 High	1980/81 Low
Industrials	373.97	375.19	372.22	369.37	425.50 (29/2/80)	325.31 (27/3)
Combined	353.58	352.58	351.76	349.82	378.96 (20/10)	296.90 (27/3)
TORONTO Composite	2262.9	2259.0	2245.3	2227.8	2402.2 (28/11)	1702.5 (27/3)

	Mar. 18	Mar. 17	Mar. 16	Mar. 13	1980/81 High	1980/81 Low
AUSTRALIA All Ord. (1/1/80)	686.9	684.0	685.0	676.7	745.2 (17/11)	509.1 (5/1/80)
Metal & Minrls. (1/1/80)	624.5	620.5	616.4	597.5	918.0 (17/11)	492.5 (28/5)
AUSTRIA Credit Aktien (2/1/62)	63.21	63.15	65.06	62.82	65.40 (7/1/80)	62.79 (11/3/81)
BELGIUM Belgian SE (31/12/63)	85.48	85.56	83.43	82.70	105.75 (11/2/80)	82.24 (11/3/81)
DENMARK Copenhagen SE (1/1/76)	106.97	106.09	105.62	103.51	108.70 (11/3/81)	74.78 (5/6)
FRANCE CAC General (29/12/61)	111.7	112.5	112.4	112.4	121.6 (6/11)	97.1 (6/1/80)
Ind Tendance (31/12/80)	105.6	104.6	104.4	105.2	106.3 (16/3/81)	95.4 (27/1/81)
GERMANY FAZ-Aktien (31/12/58)	224.30	223.70	222.75	221.5	238.08 (25/2/80)	212.73 (28/8)
Commerzbank(Dec.1953)	691.5	689.5	687.0	683.5	749.2 (25/2/80)	666.4 (16/2/81)
HOLLAND ANP-CBS General (1970)	86.4	88.3	87.2	87.6	90.5 (26/2/80)	74.0 (27/3)
ANP-CBS Indust. (1970)	66.8	62.2	65.5	64.7	68.2 (11/1/80)	59.2 (28/8)
HONG KONG Hang Seng Bank (31/7/64)	1390.85	1375.32	1344.37	1323.26	1654.57 (13/11)	738.9 (19/3)
ITALY Banca Comm. Ital (1972)	235.89	227.60	229.76	239.11	236.47 (2/3/81)	63.11 (2/1/80)
JAPAN Dow Average (16/5/49)	7176.67	7120.39	7124.35	6956.52	7522.06 (2/2/81)	6475.93 (27/3)
Tokyo New SE (4/1/68)	517.27	511.95	510.99	502.52	517.27 (18/3/81)	449.01 (19/3)
NORWAY Oslo SE (1/1/72)	115.21	119.72	119.73	120.63	144.70 (14/2/80)	110.12 (29/3)
SINGAPORE Straits Times (1966)	806.72	795.15	790.26	772.09	825.47 (10/3/81)	429.75 (3/1/80)
SOUTH AFRICA Gold (1958)	(u)	657.1	654.2	612.2	1039.1 (22/9)	486.5 (18/3)
Industrial (1958)	(u)	574.5	567.7	563.3	650.5 (5/11)	456.0 (2/1/80)
SPAIN Madrid SE (30/12/80)	112.09	112.50	(c)	112.51	114.26 (17/2/81)	100.0 (30/12/80)
SWEDEN Jacobson & P. (1/1/66)	477.27	483.22	483.37	492.73	492.73 (13/3/81)	334.72 (17/1/80)
SWITZERLAND Swiss BankCpn.(31/12/58)	286.0	286.7	285.9	285.1	317.9 (11/2/80)	275.0 (28/3)
WORLD Capital Intl. (1/1/70)	—	157.2	155.9	154.9	154.6 (29/11)	120.5 (27/3)

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. (c) Closed.

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
Sony	1,118,100	17⅞	−¾
Sears Roebuck	974,700	16⅞	−⅛
K Mart	824,700	18⅞	−¼
IBM	708,900	64⅞	−⅛
Int. Tel. & Tel.	676,900	31⅞	+⅛
General Motors	617,000	52	+⅛
Dow Chemical	557,700	37⅞	−⅛
Am. Tel. & Tel.	554,700	52⅞	+⅛
Kennecott	551,900	53⅞	+⅛
Ralston Purina	545,200	13	—

هكذا من الأصل

SUGAR MARKET

World sugar prices rose on the London terminal market yesterday following news that the EEC Commission had only authorised exports of 2,500 tonnes at its weekly selling tender. But the market lost most of the early gains in late trading to close little changed. The August position after rising to £241.25 fell back to close at £236.875 a tonne. The London daily price for raw sugar was raised by £7 to £243 in the morning.

For the second week running the Commission set a *zero levy on exports showing* continued reluctance to grant any refunds, inspite of the recent fall in world sugar prices.

It was felt that the small amount of sugar authorised for export this week, following one being sold last week, could well create a temporary shortage of white sugar supplies on the world market.

However it was also noted that the EEC would have to step up sales considerably in *the next few months if it was* to dispose by the end of the current season surplus stocks, which still amount to over 1m tonnes.

The firm opening tone in the market yesterday morning reflected a stronger trend in New York overnight, partly as a result of continued rumours that the Philippines was having to cancel sale contracts since it had overestimated the size of its crop.

Confusion in Philippines

BY RICHARD COWPER IN MANILA

REPORTS from London and New York of cancellations of Philippine sugar export contracts for 1981 have caused considerable confusion in sugar trading circles here. However, there is widespread speculation among producers *and millers that the cancellations* were due to there being not enough sugar for export.

The confusion has been made worse by the refusal of Nasutra, the Government controlled body which has a monopoly over Philippine sugar sales, either to confirm or deny the reports.

Some millers and industry experts say that a combination of drought and increased smuggling means that the availability of sugar for export from the 1980-81 crop may be 300,000 to 400,000 tonnes lower than Nasutra, the Philippine sugar trading corporation, had anticipated when it entered into the contracts. Reports of cancellations for 1981 have varied between 200,000 and 500,000 tonnes, *but it is* still unclear just how oversold the country is.

Most industry sources in Manila say the cancellations will not affect the 2m tonnes of sugar Nasutra sold on long-term contracts over the next four years to Sucres et Denrees of Paris, E. D. and F. Man of London, Rionda of New York and Mr. Chan, also of New York.

This represents around 50 per cent of the country's expected sugar production over the next four crop years.

About half the current crop year's output, 500,000 tonnes, has been committed for sale at 22 cents a pound, the same amount has been committed for sale at 22.5 cents per pound for 1981-82, 25 cents for 1982-83 and 28 cents for 1983-84.

Mr. Leandro Vesquez, chief of marketing for Nasutra, was recently reported to have told planters that *the Philippine* Government had declined an offer from foreign sugar brokers to have an unspecified number of these long-term sugar supply contracts cancelled in return for $100m. The world sugar price, now around 20 cents per pound is less than the average 23.5 cents the government will receive for its 2m tonnes on long-term sales.

According to Nasutra, the Philippines produced 2.2m tonnes of raw sugar in 1980, of which 1.2m tonnes went for export. Local consumption was estimated at 1.1m tonnes with year-end stocks of 865,000 tonnes.

W. Germany to join cocoa pact

By Our Commodities Staff

WEST GERMANY has decided to sign the International Cocoa Agreement, clearing the way for the EEC to join. The news, announced yesterday in Bonn, helped to steady prices on the London futures market which had fallen a little early in the day. May cocoa ended the day *£1 up at £947.50 a tonne having* fallen to £941 at one stage.

The Bonn government had been urged not to join the pact by the country's cocoa trade association because the Ivory Coast, the world's biggest producer, and the U.S., the biggest consumer, had refused to join. The association said this meant the pact would not be capable of working.

Ecuador and Zaire this week became the fourth and fifth countries to sign the pact, joining Ghana, Norway and Papua New Guinea. The pact will replace the 1975 agreement which expired on March 31 last year. It is open for signature until the end of this month.

Jamaican bauxite earnings up

By Canute James in Kingston

JAMAICA last year earned $209m from its bauxite and alumina exports, an increase of $6m in 1979 earnings. This reflects increases in the mining and refining of bauxite last year.

Bauxite mining rose 4.2 per cent to 12.5m tonnes, and alumina production grew 16 per cent to 2.4m tonnes.

Ore exports of 6.1m tonnes were all shipped to the U.S.

This represented 41.5 per cent *of all U.S. bauxite imports for* 1980, making Jamaica that country's largest supplier of ore.

The UK, other West European countries and the USSR bought 61.2 per cent of the alumina produced in the island last year. Canada purchased 16.3 per cent, and the US 11 per cent.

Oilseeds forecast up

WASHINGTON — World production of oilseeds and related materials in the 1980-81 year is forecast at 162.3m tonnes, up 1m from last month's forecast, but still 12.3m tonnes below the record 1979-80 harvest, the U.S. Agriculture Department said. Reuter

EEC FISHING DISPUTE

Little room for compromise

BY RICHARD MOONEY

ONE QUESTION which seems certain to be the subject of heated debate at next week's EEC summit meeting in Maastricht, Holland, is fish. It was at a similar meeting 10 months ago that Common Market heads of government entered into a political "commitment" to agree a *common fisheries policy* (CFP) by the end of 1980 as part of the deal to reduce Britain's budget contribution.

Agreement has still not been reached, however, and the six-year-old European fisheries dispute now threatens to scupper the budget deal itself.

At a Brussels meeting this week Herr Klaus von Dohnanyi, the West German deputy Foreign Minister, hinted darkly that this might be the price Britain would have to pay for *continued refusal to climb down* on the fisheries question. A threat such as this is bound to play on Mrs. Thatcher's mind at next week's talks but the Ministry of Agriculture remains adamant that there is no question of fishing rights being traded off.

"I feel sure the Prime Minister will be more interested in getting a fair deal for British fishermen than going for a quiet life in Maastricht next week," a senior official said yesterday.

Germany is itself on the sidelines of the fisheries dispute. *Most* of its fishing effort is conducted in third country waters off Norway, Greenland, Canada and even further afield. But Britain's refusal to allow the signing of reciprocal deals with such countries until the whole EEC fisheries question is settled is threatening the survival of the West German distant water fleet. In particular, the Germans have become increasingly angry about the blocking of a valuable swap deal with Canada under which German *vessels would get fishing rights* in Canadian waters in return for preferential access to the EEC market for Canadian-caught cod.

The British vetoing of this deal is seen as a pure negotiating ploy to put extra pressure on Community partners to offer further concessions to Britain on the CFP itself.

This interpretation is not denied outright by the British but the Ministry of Agriculture *points out that the deal would* have actual dangers for Britain because most of the cod would end up on the British market, which is already depressed as a result of cheap continental imports.

A compromise deal has been offered under which Mr. Peter Walker, the UK Agriculture and Fisheries Minister, would lift his veto provided adequate market protection could be offered to Britain.

But Britain's "shopping list" of a 25 per cent rise in support prices, subsidised sales of white fish to Poland, suspension of certain low-tariff third country import arrangements and a limit on the amount of Canadian cod entering Britain has been dismissed by the Germans as too high a price to pay.

The conflict which is causing this problem has now narrowed down to two contestants, Britain and France, and to one important issue, access to Britain's coastal waters.

The broader issues are more or less settled. A catch share formula under which Britain would get 36.2 per cent of the Community's total fish catch is regarded as generally acceptable and stock conversion and control measures were agreed last year.

But on the access question virtually no progress has been made this year. Britain's insistance that it have a 12-mile exclusive zone qualified only by historical rights for other members' fishermen established before Britain joined the EEC in 1973, has been rejected time and again by France. And it has been even more adamant in its rejection of British claims for preferential rights in the 12- to 50-mile band.

The French are pressing for recognition of historic rights up to date, even though its fishermen have stepped up their catches by 25 per cent in the disputed areas since 1973. Under their proposals, even this degree of exclusivity would cease after 1992. Outside the 12-mile zone they want a free-for-all situation starting at the end of next year.

These demands are diametrically opposed to Britain's. Mr. Walker has insisted repeatedly that he must have a deal with "staying power," and considering the problems of the last six years his reluctance to sign an accord envisaging a return to the negotiating table after a relatively short time is understandable.

Mr. Walker, like his predecessor *Mr John Silkin, has* also been consistent in asserting that no deal on catch quotas can be reached without adequate arrangements on access He argues that quota restrictions by themselves cannot guarantee a secure future for British fishermen and says he will settle for nothing less than a high degree of national control over fishing in Britain's own waters

Britain has moved from its initial position by compromising *on conservation demands, recognition of historic rights* and reducing the areas in which it is seeking preferential access. France can also claimed to have compromised considerably from its own "fish up to the beaches" starting position but it seems to regard its compromises as temporary. If Britain settled on currently offered terms it is more than likely that France would return to its original position when new negotiations began.

Mr. Walker is well aware of this, hence his insistence on "staying power," and does not seem ready to make further concessions. But neither do the French, so eventually it may come down to the incensed Germans knocking a few British and French heads together. It remains to be seen whether next week's summit will be the occassion for this.

Of course everything may change after the French election, whichever candidate wins. The tough French stance has been seen by some observers as a vote-catching exercise, either directly or by way of establishing a trade off for British agreement on higher EEC farm prices.

Greater political will for agreement from the French would undoubtedly smooth the way for agreement but the risk of the unavoidably complicated negotiations becoming once more bogged down in detail would remain. As one EEC official put it recently: "The fisheries dispute has become too technical for the politicians to solve and too political for the experts."

Indonesia needs to double rice stockpile

JAKARTA — Indonesia needs to more than double its rice stockpile to 5m tonnes to ensure food security, President Suharto said.

He told farmers on the East Indonesian island of Lombok that such a stockpile would allow Indonesia to face any year of crop failure.

Indonesia now has a stock of 2m tonnes, from both domestic sources and imports. Last year the country had a record rice harvest of nearly 20m tonnes.

Mr. Suharto has been touring the outer islands to boost the rice growing programme designed to bring the country near to self-sufficiency. Reuter

Gold boost for metals

BY JOHN EDWARDS, COMMODITIES EDITOR

THE RISE in gold back over $500 an ounce brought a generally firmer trend on the London metal markets yesterday. On the London Metal Exchange cash copper wirebars closed £10 higher at £825.5 a tonne, offsetting selling pressure created by the news of a decline in U.S. housing starts and the strength of sterling.

The stronger pound subdued price gains in other base metals, and indeed brought losses in nickel futures, where the cash price fell by £37.5 to £2,767.5 a tonne.

Silver was boosted by gold. The London bullion spot quotation was lifted by 15.15p to 565.8p an ounce at the morning fixing, and Metal Exchange cash silver price closed the afternoon session 23.75p up at 566.75p.

Free market platinums moved higher too in the wake of gold. The sterling quotation gained nearly £10 to £228.75 an ounce, while the dollar prices jumped by $28 to $521.

Commenting on suggestions that the recent firmness in the platinum market partly reflected U.S. plans to increase strategic stockpile holdings, Administration officials in Washington pointed out that no decisions had yet been made of any stockpile purchases with the exception of cobalt, Reuter reports.

The officials said the purchase programme for cobalt, and possible acquisitions of other metals, would not be contingent on Congress approving the Administration's proposal to sell the 139m troy ounces of silver now in the stockpile.

EEC farm package welcomed

THE Food Manufacturers' Federation yesterday broadly welcomed the European Commission's farm price package for the 1981/82 season.

It said that, though regrettable, it found the increase in institutional prices for products in surplus was acceptable since it is largely offset by a proposed Green Pound revaluation. It hopes that in this review steps will be taken to remove import levies on *maize*, hard wheat *and* durum wheat.

The Federation also said it was unhappy about the co-responsibility proposals. It prefers price cuts as the main weapon for eliminating surpluses.

A joint British grain trade committee, formed by the Grain and Feed Trade Association and UK Agricultural Supply Association, also claimed that cereals expenditure in the EEC would be more effectively contained by restricting support price than by the proposed co-responsibility measures.

Meanwhile Reuter reported that EEC Commission officials in Brussels yesterday said the *decision to increase* barley import levy premiums sharply was a routine annual move ahead of the re-opening of the Canadian great lakes ports on March 23.

In the U.S. the embargo on grain sales to the Soviet Union came under renewed attack.

Grain traders in London said there was talk of the U.S. having an exportable barley surplus available from the lakes which will also compete with Canadian grain.

Mr. William Lesher, assistant secretary of agriculture designate for economics said that from an economist's point of view, he didn't think the real disaster of the embargo has been felt yet.

He said the USSR already has made grain deals with other main exporters and in the long-run, "We could lose that market totally."

BRITISH COMMODITY MARKETS

BASE METALS

COPPER — Gained ground on the London Metal Exchange, following the strong rise in gold and the recent decline in American interest rates, which offset news of a reduction in housing starts in the U.S. and the sharp rise in sterling. Forward metal opened at £840 and after briefly dipping to £835, rallied strongly to close the late kerb at £844. Turnover 28,171 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	816.5-7	+1.75	825-6	+10
3 months	835.5-6	+.75	844.5-5	+10
Settlem't	817	+1.5	—	......
Cathodes				
Cash	810-11	—	817-9	+8
3 months	823-4	—	832.5-3	+8.75
Settlem't	811	—	—	......
U.S. Prod	—		*81.5-85	......

Amalgamated Metal Trading reported that in the morning three months wirebars traded at £837, 36.5, 36, 35.5. Cathodes, cash £811, 10. Kerb Wirebars, three months £835, 36, 36.5, 36. Afternoon: Wirebars, cash £826, three months £844, 45, 45.5, 46, 45.5, 45, 45.5, 44, 45, 44.5. Kerb: Wirebars, three months £843, 42, 41, 42.5, 43, 44, 44.5.

TIN — Firmer owing to the rise at Penang, the strength of copper and further good buying of cash material. Forward metal opened at £6,170 and moved up to close the late kerb at £6,250. Turnover 1,990 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6180-5	+87.5	6210-20	+20
3 months	6215-20	+32.5	6245-50	+75
Settlem't	6185	+85	—	......
Standard				
Cash	6180-5	+87.5	6210-20	+20
3 months	6215-20	+32.5	6245-50	+75
Settlem't	6185	+85	—	......
Straits E.	$$30.43	+0.22	—	......
New York	—	......	—	

Morning: Standard, cash £6,160, 80, 85, 80, three months £6,190, 85, 90, 95, 6,200, 6,195, 6,205, 15. Kerb: Standard, three months £6,215, 10, 6,200. Afternoon: Standard, three months £6,210, 20, 25, 30, 50. Kerb: Standard, three months £6,240, 50, 40.

LEAD — Higher in line with copper and also reflecting renewed buying of cash. Three months traded between £326 and £330 before closing the late kerb at £328. Turnover 7,325 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	321-.5	—3.25	322.5-3	+5.25
3 months	326.5-7	+.25	328-.5	+2.75
S'ment	321.5	—3.5	—	......
U.S. Spot	—	......	*34	......

Morning: Cash £321.5, three months £327, 26.5, 27. Kerb: Three months £327. Afternoon: Three months £330, 29, 29.5, 30, 28.5, 28. Kerb: Three months £328, 28.5, 28, 29.

ZINC — Barely changed with three months finally £348 on the late kerb. Turnover 4,975 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	338.5-9.5	+1.75	339-40	—1
3 months	348.5-8.5	+2.5	349-.5	......
S'ment	339.5	+2	—	......
Primw'ts	—	......	*41.5	......

Morning: Cash £339, 40, 39, three months £349, 48.5, 49. Kerb: Three months £349. Afternoon: Three months £350, 49, 49.5. Kerb: Three months £349.5, 49, 48.

ALUMINIUM—Little changed although heavy borrowing eliminated the contango and established a £2 backwardation by the close. Forward metal opened at £856 and dipped to £850 before recovering to close the late kerb at £853. Turnover 10,350 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	647-9	+2	654-5	+3
3 months	653.4	—5.25	651.5-2.5	—9.25

Morning: Three months £650, 50.5, 51, 52, 54. Kerb: Three months £653. Afternoon: Early April £650, 62, three months £657, 56, 55, 54, 53, 52. Kerb: Three months £652, 53, 57, 56, 54, 53.

NICKEL — Easier in quiet trading as the rise in sterling left three months at £2,765 on the late kerb. Turnover 228 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2750-5	—32.5	2765-70	—37.5
3 months	2755-7	—35.5	2750-5	—38

Morning: Three months £2,765. Afternoon: Three months £2,755, 53. Kerb: Three months £2,765.

TABLE......

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 15.15p an ounce higher for spot delivery in the London bullion market yesterday at 565.80p. U.S. equivalents of the fixing levels were: spot $12.855, up 43.5c; three-month $13.275, up 42.2c; six-month $13.743, up 41.1c; and 12-month $14.607, up 41.5c. The metal opened at 555p-568p ($12.7-$12.9) and closed at 563p-572p ($12.85-$13.05).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	565.80p	+15.15	567.25p	+24.2
3 months	582.00p	+14.8	584p	+24.5
6 months	599.60p	+14.5	—	......
12 months	631.80p	+14.9	—	......

LME — Turnover 117 (67) lots of 10,000 ozs. Morning: Three months 579.5, 79, 79.5, 80, 80.5, 80. Kerbs: three months 578, 77, 78. Afternoon: three months 585, 84, 85, 82, 81.5, 82, 83. Kerbs: three months 583, 81, 82.5, 83, 84.

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. Mar. 335, 355, nil, nil; May 348, 356, nil, nil; Aug. 359, 361, 361, 1; Oct. 362, 369, 369, 5; Dec. 372, 375, 374, 5; Jan. 375, 379, nil, nil; Mar. 380, 382, 380, 5; May 381, 384, 383, 5; Aug. 383, 386, nil, nil. Sales 21.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per kilo. Mar. 506.0, 507.0, 508.0-502.0, 172; May 469.0, 470.0, 470.5-465.0, 137; July 472.0, 472.5, 473.0-468.0, 291; Oct. 471.0, 473.0, 471.0-465.0, 68; Dec. 474.5, 476.0, 475.0-471.0, 58; Mar. 480.0, 481.0, 483.0-480.0, 58; May 486.0, 488.0, 489.0-485.0, 3; July 495.0, 496.0, 495.0-493.0, 11. Sales 798.

GRAINS

WHEAT			BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterday close	+ or —
Mar	112.00	+1.55	98.90	+1.45
May	113.60	+0.65	101.00	+0.50
July	117.00	+0.90	—	—
Sep	99.55	+0.65	94.40	—0.05
Nov	103.25	+0.65	97.95	—0.10
Jan	107.20	+0.05	101.65	—0.10

Business done—Wheat: March 112.00-111.20, May 113.55-112.95, July 117.00-116.70, Sept. 99.45 one trade, Nov. 103.20 one trade, Jan. no trades. Sales: 135 lots of 100 tonnes. Barley: March 98.30-98.00, May 101.00-100.00, July no trades, Sept. 94.40-94.30, Nov. no trades, Jan. 101.65-101.55. Sales: 165 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Hard Winter 13½ per cent Mar. 103.25, April 102.75 transhipment east coast. English Feed fob May 117.00, June 118.00 east coast. Maize: French Mar./April 123.50 transhipment east coast. S. African Yellow Mar./April 87.00 seller. Barley: English Feed fob May and June 103.50 *east coast*. Rest *unquoted*.

COCOA

An undistinguished day, trading within a £9 range and ending the afternoon session at levels only slightly steadier than those of Tuesday evening, reports Gill and Duffus.

Sales: 2,049 (2,374) lots of 10 tonnes.

COCOA	Yes'rday's Close	+ or —	Business Done
March	980-90	—	—
May	947-48	+1.0	949-41
July	968-69	+4.0	970-61
Sept.	990-91	+5.0	991-82
Dec.	1011-13	+2.50	1013-08
March	1032-34	+1.50	1034-28
May	1049-52	+0.50	1052-46

ICCO Futures—Daily price for March 17: 97.56 (97.12); five-day average 96.58 (96.13).

COFFEE

Robustas opened with marginal losses in thin volume, reports Drexel Burnham. Currency considerations attracted some small Arbitrage transactions but trade buying emerged around the lower levels. Late commission house short-covering together with a stronger New York prompted a stronger finish. Once again crosses and switch operations accounted for the majority of the day's turnover.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1000-02	+12.5	1000-985
May	1018-20	+5.0	1023-06
July	1028-30	+4.5	1032-16
Sept	1039-40	+2.0	1044-29
Nov	1043-45	+4.5	1045-31
Jan	1044-52	+8.0	1035-50
March	1037-45	+5.5	1035-28

Sales: 5,433 (4,282) lots of 5 tonnes.

ICO Indicator prices for March 17 (U.S. cents per pound): Other Mild Arabicas 123.33 (124.50); Robustas ICA 1976 111.50 (112.50); ICA 1968 111.75 (112.75). Unwashed Arabicas 218.50 (219.00). Comp. daily ICA 1968 unquoted.

POTATOES

LONDON POTATO FUTURES — April found heavy sellers at the opening, and fell to £56.50 before recovering to settle around £57.00. November and February fell slightly. February closing at the low, but November finding late buyers to close only 10p down, reports Coley and Harper. Closing prices: April 57.00-130 (high 58.20, low 56.50); Nov. 56.80-10 (high 56.90, low 55.50); Feb. 65.50-80 (high 66.00, low 65.50). Turnover: 225 (68) lots of 40 tonnes.

RUBBER

The London physical market opened easier, with little interest throughout the day, closing quiet. Lewis ad Peat reported an fob April price for No. 1 RSS in Kuala Lumpur of 289 (290.25) cents a kg and SMR at 259 (259.5).

No 1. R.S.S.	Yest'r'ys close	Previous close	Business Done
Apr.	56.80-57.80	58.10-59.00	—
May	58.20-58.50	58.30-58.50	
Apr-Jne	58.30-58.40	59.50-58.56	58.80-58.80
Jly-Sept	62.10-62.20	62.80-62.80	62.30-61.90
Oct-Dec	65.10-65.20	65.70-65.80	65.40-64.90
Jan-Mar	68.00-68.10	68.60-68.80	68.10-68.00
Apl-Jne	70.80-71.00	71.60-71.80	70.90-70.70
Jly-Sept	73.60-73.70	74.10-74.30	73.70-73.40
Oct-Dec	76.50-76.60	77.00-77.10	76.80-76.50

Sales: 336 (366) at 15 tonnes, none at five tonnes. Physical closing prices (buyer) were: Spot 56.50p (57.00p), April 60.50p (61.00p), May 61.00p (61.50p).

SOYABEAN MEAL

	Yest'rd'ys Close	+ or —	Business Done
	£ per tonne		
April	124.40-24.7	+0.45	124.80-24.40
June	126.00-26.5	+1.20	126.00-25.80
August	128.10-28.5	+1.10	—
October	130.50-31.0	+1.40	131.00-30.50
December	131.50-33.0	+1.0	—
February	131.50-35.0	+1.25	—
April	132.00-37.0	+0.75	—

Sales: 38 (154) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £243.00 (£236.00) a tonne for cif March-April-May shipments. White sugar daily price was £275.00 (£270.00).

Opening prices were somewhat higher than kerb levels but buying interest soon abated after which losses of some £3 were recorded. Although these losses were recovered later, the market again failed to break through on the upside and by the close quotations were the lowest of the day, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
May	241.70-41.80	238.10-38.20	246.50-37.00
Aug.	258.80-58.85	255.20-55.35	241.25-34.00
Oct.	252.80-53.25	252.50-52.75	258.75-52.50
Jan.	220.00-20.50	228.00-21.00	222.00
March	219.00-19.85	220.40-20.45	225.00-20.50
May	219.00-20.00	219.35-20.25	224.00-21.50
Aug	220.75-21.00	219.80-20.05	224.00-21.50

Sales: 9,256 (6,547) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.5 (same) a tonne for home trade and £320.00 (£312.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for March 17. Daily price 22.05 (21.09); 15-day average 21.91 (22.03).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 152 tonnes, bringing the total for the week so far to 608 tonnes. Fair trading continued, with users more in the mood to put down their requirements. Activity was centred on American type varieties, mostly Middle Eastern and African growths.

★

HIDES—Leeds: Market, in most cases, slightly weaker. Second clears: Ox 31-35.5 kg, 41p a kilo withdrawn (42.1p a kg); 26-30.5 kg, 46.8p a kg (46.1p a kg); 22-25.5 kg, 56.6p a kilo withdrawn (56.9p a kg). Light cows 44.5p a kilo withdrawn (47.6p a kilo).

★

GRIMSBY FISH—Supply good, demand fair. Prices at ship's side (unprocessed) per stone: Shelf cod £2.50-£3.20, codlings £1.50-£2.80. Large haddock £2.80-£3.60, medium £1.80-£3.40, small £1.60-£2.60. Best small plaice £2.00. Lemon soles (large) £13.50, (medium) £12.50. Saithe £1.80-£2.40.

PRICE CHANGES

	Mar. 18 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1470/1500	+10	$1455/465
Copper			
Cash w'bar	£825	+10	£775.5
3 mths	£844.75	+10	£798.75
Cash Cathode	£818	+8	£773
3 mths	£832.75	+9.75	£786
Gold troy oz	$509.5	+17	$550.45
Lead Cash	£322.75	+3.25	£297.5
3 mths	£328.25	+2.75	£307.75
Nickel	£3,358.85		£3,166
Freemkt	275/300c	+5	280/300c
Platin'mtr'y oz	£213.5		£209
Freemkt	£228.75	+19.8	£213.55
Quicksilver†	$415/425	+10	$398/408
Silver troy oz	565.80p	+15.15	585.30p
3 mths	582.00p	+14.85	603.40p
Tin Cash	£6,215	+120	£5,930
3 mths	£6,247.5	+75	£6,087.5
Tungsten 22.04lb	$145.23	......	$144.72
Wolfrm 22.04 lb	$158/154	—1	$150/154
Zinc Cash	£339.5	—1	£313.5
3 mths	£349.25	......	£325.25
Producers	$825	......	$825
Oils			
Coconut (Phil)	$590u	......	$590
Groundnut	‡	......	‡
Linseed Crude	£415y	......	£400
Palm Malayan	$595r	—5	$612.50
Seeds			
Copra Philip	$380	—5	$400
Soyabean (U.S.)	$316y	+5	$303
Grains			
Barley Futures	£101	+1.3	£99.20
Maize			
French	£123.50	......	£123
Wheat			
No 1 Red Spg.	‡		‡
No2 HardWint	£103.25	+0.25	£105
Eng. Milling†	‡	......	‡
Other commodities			
Cocoa ship't	£1,043	+1	£929
Future May	£947.5	+1	£873.5
CoffeeF t'May	£1019	+6	£1031
Cotton A.Index	91.30c	......	95.35c
Rubber (kilo)	56.5p	—0.5	55.50p
Sugar (Raw)	£243	+7	£255
Woolt'ps 64s kl.	318p kilo	......	312p kilo

† Unquoted. u May-June. x March-April. w April-May. v May. y April. z Indicator. § Buyer. ‡ Per 45 lb flask. * Nominal.

MEAT/VEGETABLES

SMITHFIELD — pence per pund Beef: Scotch killed sides 72.0 to 77.0, English hindquarters 83.0 to 88.0, Ulster hindquarters 84.0 to 87.0, forequarters 54.0 to 57.0. Eire hindquarters 82.0 to 84.0, *forequarters* 54.0 to 57.0. Veal: Dutch hinds and ends 110.0 to 114.0. Lamb: English small 77.0 to 82.0, medium 78.0 to 80.0, heavy 70.0 to 79.0, Scotch heavy 60.0 to 79.0, Imported frozen—N.Z. pl 54.0 to 55.0, pm 53.0 to 55.0. Pork: English, under 100 lbs 46.5 to 51.0, 100-120 lbs 43.5 to 50.0, 120-160 lbs 43.5 to 48.0.

MEAT COMMISSION — Average Fatstock prices at representative markets on March 18. GB—Cattle 88.86p per kg lw (+0.85). UK—Sheep 172.40p per kg est dcw (+6.03). GB—Pigs 71.37p per kg lw (+0.84).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated: Imported Produce: Oranges—*Jaffa: Shamoutis* 50/189 4.50-5.05; Spania: Navels 48/100 4.20-4.80; Cyprus: Shamoutis/V. Lates 80/108 3.60-3.80. Lemons—Spania: Trays 25/54 2.20-2.40; Cyprus: 10 kg 4.00-4.50; Californian: 95/140 6.50; Italian: 100/120 3.75-4.50; S. African: 80/100 5.80; Jaffa: 5.80. Grapefruit—Cyprus: 20 kg 40/64 3.00-3.40; Jaffa: 20 kg 36 4.45, 40 4.50, 48 4.65, 56 4.40, 64 4.05, 75 3.85. Mandarins—Spania: 126/140 4.20, 154 4.00, 168 3.80, 182 3.40. Wilkings—Spania: 80/96 5.50, 126 5.20, 140 5.00, 154 4.80, 168 4.50, 182 4.20; Jaffa: 22 lb 80/90 4.20. Temples—Jaffa: 24 lb 60/82 5.00-5.40. Minneolas—Californian: Sunkist 86 7.20. Apples—French: Stark Crimson 40 lb 4.80-5.50, 20 lb 72 2.60, 84 2.20,

AMERICAN MARKETS

NEW YORK, March 18.

AGGRESSIVE TRADE buying moved copper prices higher. Precious metals were highly erratic with profit taking on both sides of the market. The livestock complex sold off sharply on profit-taking. Cotton finished lower on long liquidation and lack of mill interest. Sugar lost all early gains on trade selling and closed moderately lower. Soyabeans rallied for minor gains on the close, while maize and wheat finished mixed. Coffee prices were limit up on trade buying. Cocoa advanced on commission house short covering and arbitrage buying. Heating oil advanced moderately on technical buying, reported Heinold.

Copper—March 85.95 (83.50), April 86.35 (83.95), May 87.30-87.50, July 89.30-89.60, Sept. 91.75-91.90, Dec. 94.70-95.00, Jan. 95.70, March 97.90, May 99.35, July 101.10, Sept. —, Dec. —, Jan. —.

Sugar—No. 11: May 22.35-22.40 (22.58), July 22.30-22.35 (22.52), Sept. 21.95, Oct. 21.80-21.85, Jan. 20.35-20.60, March 20.45-20.50, May 20.55-20.60, July 20.85-20.85. Sales: 10,363.

Tin—634.0-651.0 (623.0-642.0).

CHICAGO, March 18.

Lard—Chicago loose 19.50 (same).

Live Cattle—April 60.37 (61.87), June 64.15-64.05 (65.50), Aug. 65.15-65.00, Oct. 63.70-63.75, Dec. 65.25-65.20, Feb. 66.50, April 67.25.

Live Hogs—April 39.45-39.55 (40.82), June 44.45-44.60 (45.72), July 45.75-45.70, Aug. 45.00-44.95, Oct. 44.50, Dec. 48.35, Feb. 51.50, April 50.00, June 54.00.

‡‡Maize—March 353¾-353 (353¾), May 362¾-362½ (362½), July 371-371½, Sept. 371½-371, Dec. 372½, March 383½.

Pork Bellies—March 41.95 (43.45), May 43.25-43.35 (44.60), July 44.90-45.10, Aug. 44.15, Feb. 56.40-55.90, March 55.70, May —.

†Soyabeans—March 755 (748½), May 769-772 (766), July 793-792, Aug. 800-801, Sept. 807, Nov. 826½-827, Jan. 845¾-846, March 865-865½.

‖Soyabean Meal—March 213.0-213.5 (213.0), May 219.5-219.0 (219.2), July 227.0-226.0, Aug. 229.8-229.5, Sept. 233.5, Oct. 235.5, Dec. 239.0, Jan. 242.0, March 246.0-247.0.

Soyabean Oil—March 24.75 (23.91), May 25.08-25.10 (24.47), July 25.78-25.81, Aug. 26.00-25.94, Sept. 26.20-26.25, Oct. 26.50, Dec. 27.05-27.10, Jan. 27.15-27.20, *March 27.80, May* 28.30-28.40.

†Wheat—March 432 (430½), May 438½-438 (441), July 444-444½, Sept. 458½-459, Dec. 478-479½, March 496½.

WINNIPEG, March 18. Barley—March 149.10 (150.80), May 151.10 (152.30), July 151.50-151.60, Oct. 151.00, Dec. 150.00.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

Tuesday's closing prices

NEW YORK, March 17

††Cocoa—March 2020 (2040), May 2053 (2070), July 2100, Sept. 2140, Dec. 2190, March 2240, May 2283, July —. Sales: 1,558.

Coffee—"C" Contract: March 118.50 (119.55), May 119.75-120.00 (120.98), July 120.95-121.00, Sept. 122.25, Dec. 121.50-122.00, March 120.50-121.00, May 120.10-121.00, July 120.25. Sales: 1,523.

Cotton—No. 2: May 87.30-87.50 (86.65), July 88.40-88.45 (86.55), Oct. 85.45, Dec. 83.25-83.35, March 83.90-84.00, May 84.40-84.80, July 84.60-85.00. Sales: 12,000.

*Gold—March 503.0 (493.1), April 508.0-510.0 (495.5), May 514.5, June 520.0-522.0, Aug. 530.0-533.0, Oct. 544.5-545.0, Dec. 557.0, Feb. 565.5, April 578.9, June 590.7, Aug. 602.6, Oct. 614.5, Dec. 626.5. Sales: 35,000.

Heating oil (cents per U.S. gallon)—April 0.9650 (0.9567), May 0.9670 (0.9540), June 0.9690, July 0.9740, Aug. 0.9835, Sept. 1.0025, Oct. 1.0225, Nov. 1.0480, Dec. 1.0700, Jan. 1.0900, Feb. 1.1125, March 1.1275. Sales: 3,656.

Orange Juice—March 126.90-127.40 (128.05), May 130.50-130.70 (131.70), July 133.25-133.50, Sept. 136.70, Nov. 135.95-136.00, Jan. 133.70-133.80, March 135.00-135.50, May 136.25-137.00, July 137.00-137.50. Sales: 3,000.

*Platinum—March 509.5 (489.5), April 511.9 (491.9), May —, July 526.7, Oct. 543.2, Jan. 559.5, April 575.5. Sales: 3,074.

¶Silver—March 1270.0-1275.0 (1234.0), April 1282.0 (1242.0), May 1285.0-1300.0, July 1321.0-1340.0, Sept. 1371.5, Dec. 1400.0-1415.0, Jan. 1426.0, March 1458.0, May 1490.0, July 1522.0, Sept. 1554.0, Dec. 1602.0. Sales: 4,200. Handy and Harman bullion spot 1222.0 (1232.0).

WINNIPEG, March 17. §Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 263.75 (265.65).

EUROPEAN MARKETS

ROTTERDAM, March 18.

Wheat—U.S. Two Dark Hard Winter 13.5 per cent April $214, May $213, June/July $212. U.S. No Two Red Winter April/May $209, June/July $193.50. U.S. No Two Northern Spring 14 per cent April/May $211, May $210.50, June $211.50, Aug. $214.50, Sept. $215.

Maize—Afloat $167, Mar. $167, April $164.75, May $168.75, June $168, July/Sept. $173.75, Oct/Dec. $172.50, Jan./Mar. $185.

Soyabeans—U.S. Two Yellow Gulfports Mar./April $311, April $309, May $312, June $315.50, July $318, Aug. $322, Sept. $324.50, Oct./Nov. $328, Dec. $335, Jan. $340, Feb. $346, Mar. $348.50. Argentine June/July $310 sellers.

Soyameal—44 per cent protein U.S. unloading $280.50, afl $277.50/$273, Mar. $269, April $268, May $276.50 traded, April/Sept. $277, Nov./Mar. $295 sellers. Brazil Pellets afl $299 traded Mar. $287.50, April/May $281.50, April/June $285, April/Sept. $289.50 sellers.

PARIS, March 18.

Cocoa (FFr per 100 kilos)—Mar. 990/1030, May 1020/1035, July 1043, Sept. 1089/1092, Dec. 1115/1120, Mar. 1130/1145, May 145/1165. Sales at call 3.

Sugar (FFr per tonne)—May 2985/2995, July 2980/2990, Aug. 2845/2850, Oct. 2680/2689, Nov. 2660/2700, Dec. 2540/2605, Mar. 2460/2490, May 2460/2500. Sales at call 19.

HGCA—Locational ex-farm spot prices. Other milling wheat: E. Midlands 111.00. Feed barley: Eastern 97.00, E. Mids. 96.90, N. East 98.50, Scotland 93.60. The UK Monetary Coefficient for the week beginning Monday March 23, is expected to remain unchanged.

INDICES

FINANCIAL TIMES

Mar. 17	Mar. 16	Month ago	Year ago
257.79	258.01	254.15	293.20

(Base: July 1, 1952=100).

MOODY'S

Mar. 17	Mar. 16	Month ago	Year ago
1129.7	1131.3	1153.0	1166.7

(December 31, 1931=100)

DOW JONES

Dow Jones	Mar. 17	Mar. 16	Month ago	Year ago
Spot	420.57	416.20	422.14	418.05
Fut'rs	430.56	426.82	437.02	436.59

(Average 1924-25-26=100)

REUTERS

Mar. 18	Mar. 17	M'nth ago	Year ago
1708.6	1704.6	1695.7	1740.2

(Base: September 18, 1931=100)

GKN's surprise dividend payment boosts equities but leaders close below best—Long Gilts improve

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Mar. 2	Mar. 12	Mar. 13	Mar. 23
Mar. 16	Mar. 26	Mar. 27	Apr. 6
Mar. 30	Apr. 8	Apr. 9	Apr. 21

* "New time" dealings may take place from 9 am two business days earlier.

London equity markets were given fresh impetus yesterday by first thoughts on GKN's surprise decision to pay a final dividend. Many analysts had expected the dividend to be passed and the fact that the group had seen fit to declare a payment seemed to arouse hope that the worst of GKN's troubles could be over.

Leading shares had shown apprehension ahead of GKN's figures, and sentiment overall was also unsettled by bearish reports emanating from a broker's seminar with ICI. Publicity given to recent surveys of the opinion that the Budget proposals may delay the expected recovery from recession were another adverse influence along with the overnight reaction on Wall Street.

Although business was at a low ebb, selective quality buying produced a turnround which was well illustrated by the FT 30-share index. Down 2.2 at 10.00 am, the index rallied to stand a net 5.9 up at 2.00 pm before settling with a rise of 3.5 on the day at 491.1.

Among the index constituents, GKN rebounded sharply following the preliminary statement and touched 150p before closing only 5 higher on the day at 136p. Tubes moved up in sympathy.

Elsewhere, bid speculation was again a feature in many sectors, further interest being enlivened by Grand Metropolitan's agreed offer for Warner Holidays. Of the sectors, Properties came to life with a flourish on interest rate optimism, while Oils encountered institutional demand for selected shares.

Gilt-edged securities resumed their advance after Tuesday's lull. Encouraged by the continuing strength of sterling against the dollar, a small demand in thin trading brought gains ranging to ½ in longer maturities, while medium-dated stocks moved up about ⅜. A view that further Government funding by way of a conventional tap issue may be delayed until the debut of the new index-linked issue was helpful to the longer end of the market.

Southern Rhodesian bonds attracted fresh investment support and the 2½ per cent 1965-70 non-assented gained 3 points more to £135, while Zimbabwe Settlement Annuities rose 6 points to £366.

An exceptionally active Traded options business in Grand Metropolitan boosted total contracts completed to 1,456—more than double Tuesday's 613. Grand Met. attracted 671 trades, with particular attention being paid to the April and July 180's which recorded 249 and 344 deals respectively.

Banks quieter

Conditions in the banking sector were much calmer after the previous day's bid-inspired activity. Royal Bank of Scotland lost 8 to 130p on a combination of profit-taking and selling induced by fears that the agreed merger with Standard Chartered will be referred to the Monopolies Commission; the latter at 646p, retrieved only 3 of Tuesday's fall of 52. Lloyds and Scottish moved up 2 more for a two-day jump of 13 to 198p on further consideration of the 200p per share cash offer from Lloyds. Speculative buying motivated by bid hopes left Provident Financial a further 2 up at 148p, after 150p.

Life issues made the running in a firm Insurance sector. Pearl rose 12 on investment buying to 442p, while Prudential added 9 at 256p; the latter's annual results are due next Wednesday. Legal and General advanced 8 to 236p as did London and Manchester, to 242p. Britannic put on 6 to 278p with sentiment still influenced by last week's good results.

Breweries attracted a reasonable trade and closed with useful gains. Whitbread added 6 at 148p, while Whitbread Investment rose 4 to 100p; the latter holds a 7 per cent stake in Warner Holidays. Wines and Spirits were again featured by Invergordon, 7 dearer at 176p, while call option business aided Amalgamated Distilled Products put on 5 at 59p.

Building issues were well supported with demand stimulated by the recent batch of encouraging trading statements and bid activity. Cement Roadstone rose 4 to 80p in response to good preliminary results, while Barratt Developments, up 24 on Tuesday following better-than-expected interim results, gained 4 more to 230p. Several other issues attracted considerable speculative interest. Travis and Arnold touched 178p and closed 16 higher on balance at 170p, despite the company's denial of a bid approach, while MDW, recently involved in aborted bid discussions, revived with a gain of 11 to 98p. Derek Crouch, still responding to the chairman's annual statement, advanced 18 to 203p in a thin market and Marchwiel firmed 8 to 104p following the proposed offer for sale of shares in its South African subsidiary. Investment buying lifted HAT 5 to 67p and Sharpe and Fisher 3 to 47p, the latter's annual results are due today. Interest was also shown in John Mowlem, 7 up at 148p, and John Finlan, 6 dearer at 124p. Among the leaders, Taylor Woodrow firmed 13 to 516p and BPB 5 to 249p.

Easier at first after a gloomy seminar about trading prospects, ICI rallied from 230p to the overnight level of 234p. Fisons attracted further support on recovery hopes and rose 10 to 152p.

Stores subdued

Trading in leading Stores remained thin, but the trend was a shade firmer. British Home, 147p, W. H. Smith, 147p, and Marks and Spencer, 120p, all added 2, while Waring and Gillow rose 3 to 128p on further consideration of the interim statement. The interim results from James Walker proved to be in line with expectations and the "A" eased a penny to 75p.

With the exception of Plessey, which cheapened 4 to 326p, the Electrical leaders maintained a firm trend. Phillips' Lamps featured with a rise of 10 to 367p, while Thorn EMI added 5 more at 320p. GEC moved between 657p and 650p before closing unaltered at 655p. Elsewhere, Standard Telephones and Cables put on 7 to 525p ahead of otmorrow's annual results. BSR dropped to 30p on news of the dividend omission and substantial loss but rallied sharply to close a net 2 better at 36p. Rediffusion rose 6 to 151p and Louis Newmark jumped 25 to 370p in a thin market.

GKN's decision to pay a final dividend of 4p prompted a sharp rally in the share price from a 1980-81 low of 126p to 150p before a close of 136p, up 5 on balance. Other Engineering leaders moved higher in sympathy, Tubes closing 6 better at 188p, after 190p, and Hawker a couple of pence dearer at 280p. Elsewhere, stimulated by news of a £10½m National Coal Board contract, Simon added 7 to 327p. Improvements of around 4 were seen in Baker Perkins, 71p, Metalrax, 48p, Midland Industries, 54p, and Mining Supplies, 140p. Howard Machinery lost the turn at 30p following the dividend omission and near £3m loss and Jones and Shipman cheapened 2 to 60p on consideration of the chairman's bearish statement which accompanied the results. ML Holdings ran back 10 to 330p.

Demand ahead of today's preliminary results lifted Cadbury Schweppes 2 to 78. Among other Foods, Northern firmed 4 to 159p, J. Sainsbury improved 5 to 345p and Associated Dairies 4 to 180p. Bejam, however, shed 5 to 115p following disappointing interim results. Elsewhere, Barker and Dobson picked up 1½ to 12½p, Hazlewoods improved another 5 to 175p and Jamesons Chocolates firmed 4 to 46p, the last-named in response to good preliminary results.

Dealings in Warner Holidays resumed following the agreed offer from Grand Metropolitan: the Ordinary moved up to 126p against the suspension price of 64p, while the A advanced to 102p compared with a suspension level of 55p. Grand Metropolitan, 6 higher before the announcement, closed 4 dearer on balance at 178p.

Bestobell wanted

Turner and Newall continued to respond to takeover rumours, improving 3½ afresh for a two-day gain of 7 at 83p. Other miscellaneous industrial leaders were undecided, Glaxo closing 4 off at 276p but Metal Box that much higher at 174p in sympathy with GKN. Elsewhere, Bestobell jumped 19 to 358p on persistent investment demand ahead of next Wednesday's preliminary results. A firm market of late, J. Hewitt (Fenton) added 7 more to 65p in response to the increased final dividend and higher profits, while Electrical and Industrial Securities put on 4 to 96p on an investment recommendation. Bid hopes lifted Smiths Industries 8 more to 326p. Granada A were a similar amount harder at 224p. Speculative support was forthcoming for Davies and Newman which touched 183p before closing a net 4 up at 172p. Amalgamated Metal added 10 to 240p and BTR, still reflecting the good results and proposed 50 per cent scrip-issue, improved 7 afresh to 479p. Thomas Tilling eased 2 to 162p, after 160p, on the results and Lawtex dipped 3 to 52p in reaction to the interim dividend cut and half-year loss. Hawker Marris were suspended at 65p pending an announcement.

Oils picked up from an easier opening to close with modest gains in places. Shell closed 4 dearer at 400p, but British Petroleum reverted from 396p to the overnight level of 392p. Tricentrol held at 288p awaiting today's preliminary results. Elsewhere, Global Natural Resources came in for support and gained 40 to 540p, while NCC Energy put on a late spurt and firmed 8 to 138p, the latter awaiting bid developments.

S. Pearson reacted afresh to 193p, down 11, on worries about a possible loss at its Fairey subsidiary. Elsewhere in Financials, money brokers R. P. Martin attracted renewed speculative support and rose 17 at 165p. Britannia Arrow, annual results today, gained the turn to 44p.

Platinums advance

Mining markets were featured by the strength of Platinums which moved ahead strongly reflecting American and Johannesburg interest in the wake of firmer precious metal prices. Impala Platinum advanced 35 to 405p and Rustenburg and Lydenburg 14 apiece to 244p and 172p respectively.

Golds made progress as the bullion price moved up to close $17 firmer at $509.50 an ounce. The sharemarket got off to a firm start before encountering profit-taking around mid-day.

This proved short-lived, however, and prices picked up well to close around the day's best levels. The Gold Mines index put on 4.0 to 346.9.

Heavyweights showed Free State Geduld ⅜ up at £21¼, and Kloof and Buffels ⅛ to the good at £14½ and £18 respectively. In the marginals Durban Deep were outstanding and finally 82 higher at 947p.

Bid rumours, in the wake of the heavy Continental buying on Tuesday, lifted Tanks 20 to 300p, after 315p. Other London-based Financials proved disappointing, particularly Rio Tinto-Zinc which dipped 3 to 460p despite the settlement of the Westinghouse litigation.

South African Financials generally improved with GFSA notably firm and finally £1⅛ up at £26⅞.

Northern Mining put on 2 at 140p following news that Endeavour Resources had acquired a 10 per cent stake in the company; Endeavour was unaltered at 33p.

FINANCIAL TIMES STOCK INDICES

	Mar. 18	Mar. 17	Mar. 16	Mar. 13	Mar. 12	Mar. 11	A year ago
Government Secs.	69.98	69.82	69.92	69.65	69.66	69.49	64.40
Fixed Interest	71.76	71.65	71.62	71.59	71.56	71.40	64.78
Industrial Ord.	491.1	487.6	479.8	477.2	481.0	470.0	432.0
Gold Mines	346.9	342.9	344.3	338.1	319.0	316.7	294.3
Ord. Div. Yield	6.61	6.89	7.00	7.02	6.97	7.10	7.90
Earnings Yld.% (full)	13.94	14.53	14.78	14.81	15.27	16.09	20.34
P/E Ratio (net) (*)	8.86	8.51	8.39	8.35	8.04	7.66	5.97
Total Bargains	23,876	24,350	21,989	24,269	21,783	21,797	19,742
Equity turnover £m.	—	145.57	100.24	170.58	143.97	164.10	87.75
Equity bargains total	—	21,340	17,657	20,227	18,858	15,813	14,994

10 am 485.4, 11 am 485.5, Noon 486.5, 1 pm 493.0, 2 pm 493.5, 3 pm 492.8.

Latest Index 01-246 8026.

*Nil=8.28.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1980/81 High	1980/81 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	72.54 (21/7/80)	63.85 (7/5/80)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7/80)	64.70 (10/3/80)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	515.9 (21/11/80)	406.9 (3/1/80)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	559.9 (22/9/80)	265.5 (18/3/80)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Mar. 17	Mar. 16
Daily Gilt Edged Bargains	184.6	181.5
Equities Bargains	138.3	114.4
Equities Value	294.2	202.8
5-day Avrge. Gilt Edged Bargains	207.9	205.1
Equities Bargains	120.9	115.8
Equities Value	292.9	271.1

NEW HIGHS AND LOWS FOR 1980/81

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980-81.

NEW HIGHS (119)

BRITISH FUNDS (4)
INTERNATIONAL BANK (1)
COMMONWLTH. & AFRICAN LOANS (2)
AMERICANS (4)
BANKS (1)
BEERS (1)
BUILDINGS (24)
CHEMICALS (1)
DRAPERY & STORES (3)
ELECTRICALS (6)
ENGINEERING (5)
FOODS (6)
HOTELS (3)
INDUSTRIALS (13)
INSURANCE (4)
LEISURE (3)
MOTORS (1)
NEWSPAPERS (1)
PAPER (4)
PROPERTY (22)
SHIPPING (1)
TEXTILES (2)
TRUSTS (4)
OIL & GAS (2)
OVERSEAS TRADERS (1)

NEW LOWS (11)

STORES (1)
Time Products

ENGINEERING (2)
Camford Eng. Utd. Wire

INDUSTRIALS (2)
L.C.P. Svitone

LEISURE (1)
Westward TV

MOTORS (1)
Plaxton's

NEWSPAPERS (2)
Int. Thomson Int. Thomson Conv.

TEXTILES (2)
Sekers Int. Trafford Carpets

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	80	0	15
Corpns. Dom. and Foreign Bonds	13	2	50
Industrials	352	155	863
Financial and Prop.	200	48	245
Oils	21	13	40
Plantations	2	6	15
Mines	68	26	71
Others	37	61	41
Totals	773	311	1,340

LEADERS AND LAGGARDS

Percentage changes since December 31, 1980, based on Tuesday, March 17, 1981

Hire Purchase	+36.59	Financial Group	+ 5.77
Contracting, Construction	+25.74	Newspapers, Publishing	+ 5.08
Other Industrial Materials	+18.02	Industrial Group	+ 4.72
Insurance (Life)	+14.32	Metals and Metal Forming	+ 4.20
Building Materials	+13.30	Consumer Group	+ 3.36
Textiles	+12.06	Overseas Traders	+ 3.32
Insurance (Composite)	+11.56	All-Share Index	+ 2.09
Capital Goods	+10.91	Investment Trusts	+ 2.07
Mechanical Engineering	+ 9.76	Brewers and Distillers	+ 1.77
Electricals	+ 9.08	500 Share Index	+ 1.17
Shipping and Transport	+ 8.77	Stores	+ 0.96
Food Manufacturing	+ 8.76	Mining Finance	+ 0.62
Packaging and Paper	+ 8.49	Merchant Banks	+ 0.18
Other Consumer	+ 8.23	Health and Household Products	− 0.40
Property	+ 7.53	Food Retailing	− 2.50
Leisure	+ 6.97	Motors	− 3.51
Insurance Brokers	+ 6.89	Banks	− 4.73
Office Equipment	+ 6.84	Other Groups	− 6.13
Engineering Contractors	+ 6.65	Oils	−10.41
Discount Houses	+ 5.90	Gold Mines Index	−15.85
Tobaccos	+ 5.80	Chemicals	−18.68

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
BTR	479	+ 7	MEPC	238	+ 7
Bestobell	358	+19	Marchwiel	104	+ 8
DRG	86	+ 3	Marks & Spencer	120	+ 2
Davies & Newman	172	+ 4	Prudential	256	+ 9
GKN	136	+ 5	Tanks Con.	300	+20
LASMO	615	+ 7	Travis & Arnold	170	+16
Lucas Inds.	170	− 6	Warner Hols. A	102	—

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Tues.'s closing price pence	Change on week	Stock	No. of price changes	Tues.'s closing price pence	Day's change
BTR	23	472	+32	De Beers Dfd.	18	370	− 2
Barratt Devs.	23	226	+24	GUS A	18	462	+14
GEC	23	655	+ 8	GKN	18	131	+ 4
RTZ	21	463	—	Marks & Spen.	18	118	+ 4
Stan. Char. Bk.	20	643	−52	Barclays Bank	17	390	+10
ICI	19	234	+ 2	ICL	17	45	+ 3
LASMO	19	608	+18	Ultramar	17	487	+ 4

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar. 9	Mar. 20	June 11	June 22
Mar. 23	Apr. 3	June 25	July 6
Apr. 6	Apr. 17	July 9	July 20

For rate indications see end of Share Information Service

Call options were arranged in Highland Electronics, GKN, Berkeley Exploration, Amalgamated Distilled Products, Premier Oil, Turner and Newall, Britannia Arrow, Booker McConnell and Montague L. Meyer. Puts were struck in Marks and Spencer, Brown and Jackson, BSR, NCC, GKN and De Beers Deferred, while doubles were taken out in GKN and Double Eagle.

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., March 18, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues. March 17 Index No.	Mon. March 16 Index No.	Fri. March 13 Index No.	Thurs. March 12 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (212)	320.63	+0.6	12.50	4.96	9.79	318.78	313.03	310.88	310.14	231.48
2	Building Materials (26)	280.71	+0.7	16.47	6.15	7.26	278.89	275.29	274.22	271.45	224.93
3	Contracting, Construction (26)	520.29	+2.3	17.54	4.95	6.85	508.54	492.57	486.52	482.85	356.26
4	Electricals (27)	1043.80	—	8.31	2.51	14.86	1044.25	1027.87	1015.81	1015.97	598.58
5	Engineering Contractors (11)	425.25	+0.3	14.02	6.08	9.09	423.92	415.45	413.03	410.23	269.73
6	Mechanical Engineering (72)	190.38	+1.1	14.60	6.59	8.66	188.28	185.11	183.97	184.78	157.22
8	Metals and Metal Forming (13)	145.38	+1.6	12.42	8.98	10.56	143.11	141.55	144.01	144.52	159.87
9	Motors (21)	88.44	−0.6	20.21	9.37	5.73	88.95	88.87	88.08	88.17	104.98
10	Other Industrial Materials (16)	341.64	+0.7	13.08	6.01	8.99	339.21	327.74	327.19	323.19	0.00
21	CONSUMER GROUP (197)	248.18	+0.8	15.14	6.36	8.02	246.14	242.36	240.75	241.93	211.57
22	Brewers and Distillers (20)	271.81	+1.5	17.04	6.73	6.96	267.88	264.43	263.48	264.24	255.27
25	Food Manufacturing (22)	230.41	+0.4	17.13	6.86	6.94	229.59	225.62	223.45	223.85	187.43
26	Food Retailing (14)	459.67	+1.3	9.80	3.50	12.06	453.70	447.16	445.88	444.70	293.23
27	Health and Household Products (7)	262.36	−0.2	10.12	5.44	11.74	263.01	258.10	255.15	256.29	202.55
29	Leisure (22)	378.53	+1.4	14.74	6.04	8.37	373.36	368.11	364.50	363.17	288.43
32	Newspapers, Publishing (12)	447.42	+0.2	19.65	7.16	6.65	446.51	441.73	441.01	441.78	405.65
33	Packaging and Paper (15)	124.84	+0.4	25.58	9.69	4.53	124.29	122.58	120.80	120.95	125.40
34	Stores (44)	251.42	+0.8	11.78	5.03	11.13	249.34	243.67	242.56	245.17	213.02
35	Textiles (21)	141.28	+1.1	15.55	9.45	8.69	139.72	138.41	137.18	138.74	124.18
36	Tobaccos (3)	212.67	+0.7	26.72	10.95	4.27	211.19	213.17	212.07	214.75	196.77
39	Other Consumer (17)	259.25	+0.6	9.95	7.41	12.67	257.73	257.20	256.25	255.40	0.00
41	OTHER GROUPS (79)	207.28	+0.1	14.82	7.33	8.34	207.07	204.99	203.40	205.89	196.77
42	Chemicals (15)	242.22	+0.2	13.37	8.64	9.49	241.62	239.27	235.35	242.84	290.32
44	Office Equipment (6)	108.18	−0.3	17.21	7.68	6.89	108.46	107.38	105.50	106.97	110.24
45	Shipping and Transport (13)	587.24	+0.4	12.93	6.30	9.47	584.67	577.32	578.18	580.35	452.94
46	Miscellaneous (45)	269.38	−0.1	16.52	6.26	7.44	269.62	267.10	267.13	265.82	290.81
49	INDUSTRIAL GROUP (488)	267.12	+0.6	14.09	5.94	8.66	265.41	261.25	259.45	260.24	219.76
51	Oils (12)	835.51	+0.4	22.16	6.75	5.19	831.90	822.89	851.79	869.35	745.45
59	500 SHARE INDEX	312.24	+0.6	15.76	6.11	7.61	310.39	305.83	306.39	308.48	261.26
61	FINANCIAL GROUP (118)	250.96	+1.1	—	5.49	—	248.29	243.93	243.66	243.08	187.89
62	Banks (6)	233.09	−0.9	41.20	7.63	2.95	235.18	224.98	227.03	226.33	205.30
63	Discount Houses (10)	307.18	—	—	6.03	—	307.33	307.12	307.48	302.59	207.32
64	Hire Purchase (4)	272.04	+0.9	8.27	4.80	16.72	269.49	252.62	239.14	238.80	181.97
65	Insurance (Life) (10)	271.09	+2.8	—	4.93	—	263.82	259.01	257.45	255.45	167.26
66	Insurance (Composite) (9)	166.64	+1.4	—	7.18	—	164.27	162.81	160.31	160.59	122.92
67	Insurance Brokers (9)	337.43	−1.2	13.01	6.86	10.49	341.59	339.39	339.68	339.63	282.66
68	Merchant Banks (13)	148.97	+0.3	—	5.26	—	148.48	147.33	147.91	147.58	99.36
69	Property (46)	489.23	+2.2	3.08	2.55	45.12	478.52	471.67	473.36	471.74	356.34
70	Miscellaneous (11)	169.78	+0.6	16.02	6.08	7.95	168.70	176.40	175.51	175.92	126.40
71	Investment Trusts (109)	289.81	+0.7	—	5.31	—	287.71	285.59	285.54	285.26	205.63
81	Mining Finance (3)	230.19	+0.4	14.70	5.83	8.07	229.36	231.28	232.44	221.29	187.80
91	Overseas Traders (20)	442.41	—	12.09	6.70	10.17	442.60	440.99	440.76	440.01	385.70
99	ALL-SHARE INDEX (750)	300.09	+0.7	—	5.95	—	298.08	293.94	294.29	295.17	243.69

FIXED INTEREST PRICE INDICES

	British Government	Wed. March 18	Day's change %	Tues. March 17	xd adj. today	xd adj. 1981 to date
1	5 years	108.91	+0.09	108.81	—	2.48
2	5-15 years	112.69	+0.28	112.38	—	2.02
3	Over 15 years	116.63	+0.37	116.21	—	2.16
4	Irredeemables	128.78	+0.32	128.36	—	1.78
5	All stocks	112.48	+0.25	112.20	—	2.18
6	Debentures & Loans	88.42	+0.01	88.42	—	2.87
7	Preference	68.28	−0.00	68.28	—	2.49

FIXED INTEREST YIELDS

British Govt. Av. Gross Red.

			Wed. March 18	Tues. March 17	Year ago (approx.)
1	Low Coupons	5 years	11.25	11.27	13.12
2		15 years	12.03	12.07	12.95
3		25 years	12.17	12.22	12.95
4	Medium Coupons	5 years	12.98	13.02	14.99
5		15 years	13.55	13.59	14.53
6		25 years	13.31	13.36	14.33
7	High Coupons	5 years	13.00	13.02	15.09
8		15 years	13.76	13.81	14.85
9		25 years	13.41	13.52	14.71
10	Irredeemables†		11.49	11.52	12.46
11	Debs & Loans	5 years	13.93	13.94	15.60
12		15 years	14.26	14.26	15.37
13		25 years	14.28	14.28	15.14
14	Preference†		14.37	14.38	15.65

† Flat yield. Highs and lows record base dates and values and constituent changes are p… is available from the Publishers, The Financial Times, Bracken House, Cannon Stre…

هكذا من الأصل

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Hill Samuel Invest. Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 27381

N.V. Interbeheer
P.O. Box 526, Delft, Holland

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	58.2	62.6	-0.9	2.32
Abbey Capital	46.0	49.7	+0.2	4.93
Abbey General	55.2	59.6	+0.5	5.15
Abbey Gilt & F.I. Tst.	106.8	112.4	+0.3	11.65
Abbey Income	35.1	37.9	+0.2	9.26
Abbey W'Wide Bd Tst.	94.4	99.9	+0.3	6.71
Abbey Inv. Tst. Fd.	50.0	54.1	+0.3	4.70
Equitas Prog. Tst.	80.3	86.8	+0.5	4.71

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	87.3	91.8	+0.2	12.50

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	88.6	94.8xd	+0.6	5.91
Brit. Inds. Fund	77.2	82.6	+0.4	6.17
Growth & Income	51.0	54.6	+0.2	4.95
Elect. & Ind. Dev.	44.8	47.9	+0.2	5.22
Allied Capital	96.9	103.7	+1.0	4.44
Hambro Fund	132.0	141.2	+0.9	6.13
Hambro Acc. Fund	181.4	194.1	+1.5	4.69

Income Funds

High Yield Fd.	63.9	68.4xd	+0.5	8.77
High Income	78.4	83.9xd	+0.4	7.71
Equity Income Fd.	45.3	48.5	+0.3	7.55
Govt. Secs.	26.2	26.9	.....	11.52

International Funds

International	34.6	37.0	.....	2.16
Japan Fund	24.8	26.5	+0.2	0.24
Pacific Fund	67.0	71.7	+0.5	1.14
Secs. Of America	75.7	81.0	-0.9	1.98

Specialist Funds

Smaller Co.'s Fd.	56.4	60.4	+0.5	4.30
2nd Smlr. Co's Fd.	68.4	73.2xd	+0.6	4.10
Recovery Sits.	137.0	146.6	+1.2	6.18
Met. Min. & C'dty.	68.6	73.4	.....	5.18
Overseas Earnings	68.3	73.1	+0.2	5.05

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	40.9	44.1	-0.7	0.57
Cres. Internat'l.	80.0	86.4	-0.2	1.81
Cres. High. Dist.	43.8	47.3	.....	10.04
Cres. Reserves	49.5	53.4	+0.2	5.51
Cres. Tokyo	33.0	35.6	+0.2	0.98

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	24.2	25.6	.....	10.73

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Mar. 13	236.7	252.4	.....	5.20

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	18.5	20.4	.....	6.93
Gt. Winchester O'seas	27.6	30.6	.....	3.47

For Exxon and Dudley see Robert Fraser Tst. Mgmt.

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	88.9	93.5	+0.4	4.62

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4891

American (z)	35.2	37.9	-0.6	0.71
Ameri. Spec. Sits. (z)	25.8	27.8	-0.2	0.82
Gilt + Fixed Int.	25.5	26.8	+0.1	11.81
Growth + Income	31.4	33.8	+0.1	7.09
Maximum Inc. Eq. Tst.	26.5	28.6xd	+0.1	8.84
Special Sits.	39.8	42.9	+0.4	1.81

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	38.3	41.2	-0.5	2.14
Accum. Units	47.5	51.1	-0.6	2.14
J. Finlay High Income	35.0	37.6xd	-0.7	10.30
Finlay Wld. Energy	18.0	19.4xd	-0.2	1.94
Accum. Units	23.2	25.0xd	-0.2	1.94
J. Finlay Fd. In. Tst.	39.0	41.9	+0.2	5.15
Accum. Units	49.3	53.0	+0.2	5.15

Prices on Mar. 11. Next dealing Mar. 18.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Equity Accum. (2)	247.2	260.3	+7.9	4.61

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815

Pro. Fund Feb. 28		148.70	.....	6.72
Wider Fund Feb. 28		265.60	.....	5.14
Narrower Fd. Feb. 28		76.35	.....	13.16

*Unauthorised. Available only to Local Authorities.

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588
See also Stock Exchange Dealings.

American	63.7	68.5xd	-0.8	2.03
(Accum. Units)	68.4	73.5	-0.9	2.03
American Recovery	70.3	75.2	-0.5	1.59
(Accum. Units)	72.2	77.3	-0.6	1.59
Australasian	111.9	119.7xd	-1.4	0.57
(Accum. Units)	117.1	125.3	-1.5	0.57
Commodity	144.8	154.9xd	+0.8	2.94
(Accum. Units)	170.3	182.2	+1.0	2.94
Compound Growth	186.3	199.3	+1.1	3.18
Conversion Growth	115.3	123.4	-0.2	2.36
Conversion Inc.	69.9	74.8xd	+0.3	10.51
Dividend	128.7	139.6	+1.4	9.36
(Accum. Units)	286.3	310.6	+3.0	9.11
European	61.0	65.3	+0.2	4.11
(Accum. Units)	66.9	71.6	+0.2	4.11
Extra Yield	80.0	86.8xd	-0.6	9.95
(Accum. Units)	130.1	141.2	-0.8	9.95
Far Eastern	115.8	123.9xd	+0.2	1.05
(Accum. Units)	132.4	141.7	+0.2	1.05
Fund of Inv. Tsts.	94.7	102.3	+0.2	4.61
(Accum. Units)	126.7	136.8	+0.3	4.61
General	223.1	239.8	+1.1	6.03
(Accum. Units)	386.6	415.6	+2.0	6.03
Gilt	48.1	50.5xd	-0.1	13.44
(Accum. Units)	48.9	51.3	-0.1	13.44
High Income	107.5	115.0	+1.3	9.83
(Accum. Units)	213.7	228.7	+2.6	9.83
Japan	169.8	181.7	+0.9	1.01
(Accum. Units)	178.2	190.7	+0.9	1.01
Magnum	343.9	364.5xd	+0.3	5.94
(Accum. Units)	475.6	504.1	+0.4	5.34
Midland	158.2	169.3	+0.9	9.85

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

1980-81 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
		Public Board and Ind.				
64½	56½	Agric. Mt. 5pc '59-89	64	+1	7.94	12.22
84	73½	Alcan 10½pc '89-94	80	......	15.06	16.20
30	25	Met. Wtr. 3pc 'B'	29	+¼	10.39	12.52
106	89	U.S.M.C. 9pc 1982	106	......	8.73	—
96½	85½	Do. without Warnts.	96½	......	9.60	14.00
		Financial				
101½	93½	FFI 14pc '83	100¾	......	13.88	13.58
91½	79½	FFI(UK Fe)5¼pcDb. '80-2	90xd	......	6.10	12.84
82½	71½	Do. 6¾pcDb. '81-84	82½	......	7.77	13.20
93	80½	Do. 10¾pc Uns.Ln. '86	92½	......	11.62	13.30
92½	77	Do. 11pc Uns.Ln. '88	91½	......	12.30	13.85
96	82	Do. 11¾pc Uns.Ln. '90	92	......	13.24	14.00
101	84½	Do. 12¾pc Un. Ln. 1992	91xd	......	13.73	14.10
67	56	Do. 7¾pcADeb. '89-92	64	......	11.73	14.00
66½	51½	Do. 7¾pcADeb. '91-94	59½xd	......	12.18	14.00
76½	64½	Do. 9pc 'A' '91-94	70½xd	......	12.76	13.90
71½	61	Do. 8¾pcLn. '92-97	66	−½	13.72	14.50

FOREIGN BONDS & RAILS

1980-81 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
82	43	Antofagasta Rly.	58	......	—	—
55	50	Do. 5pc Pref.	55	......	—	—
98	98	Chilean Mixed	98	......	3	f3.10
58	18	Chinese 4½pc 1898	23	......	—	—
45	17	Do. 5pc 1912	18	......	—	—
24	11	Do. 5pc 1913	14	......	—	—
24	11	Do. 5pc '25 Boxer	13	......	—	—
97	88¼	Denmark 13pc 2005	92¼	......	14.57	14.60
36	28½	Greek 7pc Ass.	36	......	3½	f9.90
35	31	Do. 6pc 28 Stb. Ass.	34	......	3	f8.85
34	30	Do 4pc Mixed Ass.	32	......	2	f6.30
53	50	Hung. '24 Ass.	50	......	2½	5.77
65	50	Iceland 6½pc '83-88	64	......	6½	14.70
89¼	79	Ireland 7½pc '81-83	89½	......	7½	13.63
87¾	73¾	Do. 9¾pc '91-96	74xd	+¼	9¾	13.95
235	185	Japan 4pc '10 Ass	190	......	—	—
79	56	Do. 6pc '83-88	68	......	6	13.00
165	155	Peru Ass. 2007	165	......	5.22	f3.20
S94½	S77	Turin 9pc 1991	S77½	......	—	f11.61
DM92½	DM90	Turin 6½pc 1984	DM90	......	—	9.45
96	96	Uruguay 3½pc	96	......	3½	3.90

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
235	120	Hanson Trust	235	+4	8.5	2.2	5.2	10.2
£128	£70	Do.6½pc Cnv 88-93	£123	—	Q6½%	181.5	f5.3	—
54	40	Hargreaves 20p	50	—	3.96	2.2	11.3	(4.8)
88	52	Harris (Ph.) 20p	61	—	5.5	1.6	12.9	(5.8)
46½	28½	Harris & Sheldon	30	—	3.0	2.3	14.3	4.2
34	18	Hawkins & Tipson	24	—	1.0	1.7	6.0	14.5
16¼	6½	Hawtin 5p	7	−½	0.25	8.6	5.1	2.4
72	46	Hay (Norman) 10p	58	—	‡3.35	1.7	‡	10.0
112	86½	Hepworth Cmic.	103	+1½	5.0	3.3	6.9	5.0
36	22	Hestair	30	—	1.0	1.0	4.8	(13.2)
65	32	Hewitt (J.)	65	+7	1.8	φ	4.1	φ
43	24	Highgate & Job 50p	43	—	—	—	—	—
65	40	Hill (Chas.) £1	42	—	—	—	—	—
33	16	Hirst Mal'son 20p	19½	—	0.1	—	—	—
100	75	Holden (A.)	88	—	5.0	3.3	8.1	4.3
51	23	Hollis Bros	40	—	‡1.4	—	‡	—
88	55	Holt Lloyd Int. 10p	65	+2	h3.17	2.5	7.0	6.7
182	106	Hoover 'A'	115	−2	6.0	—	7.5	—
112	34	Hoskins & H 20p	50	—	‡8.0	1.5	‡	3.6
*80	48	Howard Tenens	62	—	‡2.28	2.0	‡	11.4
377	230	Hunting Assoc.	340	—	5.0	6.0	2.1	8.8
*142	60	Huntleigh 10p	134	—	t1.5	2.8	1.6	33.6
167	55½	Hutch Whamp SHK1	131	—	M028c	2.6	1.7	21.8
25½	12	Hyman (I. & J.) 5p	13	—	1.25	3.6	13.7	2.9
£14¼	845	I.C. Industries	£14	—	Q$2.00	—	6.3	—
196	31	ICL	46	+1	2.97	—	9.2	—
39	24	Ingall Inds. 10p	36	—	2.27	1.6	9.0	9.9
215	107	Initial Services	199	—	7.5	2.3	5.4	9.8
18	8½	Inter-City 20p	10½	—	‡0.6	1.8	‡	(8.0)
57	39	I. B. Holdings 10p	43	—	3.0	2.1	10.0	6.7
163	100	Jacksons Bourne	145	−2	5.0	3.3	4.9	8.8
15	4½	James (M.) Inds. 10p	13¾	—	‡0.75	3.9	‡	3.8
295	208	Jardine M. SHK6	172	+1	tQ88c	1.9	4.2	12.5
29	15½	Jentique	17xd	+½	‡1.03	—	‡	—
16	3	Johnson & Barnes	8	—	—	—	—	—
193	135	Johnson Clnrs.	175	—	†6.2	3.8	5.1	5.6
*281½	99½	Johnson Mthy. £1	238	+2	†9.0	2.8	5.4	(9.2)
98	39½	Jourdan (T.) 10p	84xd	—	5.25	φ	8.9	φ
86	68	Kalamazoo 10p	65	—	3.75	1.4	8.2	10.7
190	98	Kelsey Inds.	144	—	8.0	5.0	7.9	3.8
132	53	Kennedy Sm. 10p	120	—	†3.5	3.4	4.2	8.5
362	225	Kershaw (A.) 5p	310	—	21.75	[illegible]	10.0	[illegible]

INSURANCE—Continued

1980-81 High	Low	Stock
228	167	Heath (C.E.) 20p
140	83	Hogg Robinson
114	88	Howden (A.) 10p
£47	£33	Do. Warrants
257	151	Legal & General
242	142	Lon. & Man. 5p
210	122	London United 20p
£15⅝	£11⅛	Marsh McLen'n $1
117	84	Minet Hldgs. 20p
32	20	Moran (Chris) 20p
472	268	Pearl 5p
318	208	Phoenix
210	136	Provident
268	162	Prudential
242	140	Refuge 5p
*473½	300½	Royal
136	88	Sedgwick 10p
97	67	Stenhouse
242	168	Stewart Wr. 20p
810	520	Sun Alliance £1
275	130	Sun Life 5p
580	433	Taisho Mar. EDR
213	155	Trade Indemnity
£21	£15¼	Travelers $2.50
307	207	Willis Faber

LEISURE

1980-81 High	Low	Stock
94	60	Anglia TV 'A'
146	81	Assoc. Leisure 5p
129	59	Barr & W.A.T. 'A'
63½	28	Black Edgtn. 50p
157	86	Boosey & Hawkes
90	45	Campari Int. 20p
101	54	Coral Leis. 10p
95½	40	Fairline Boats 10p
58	32	Glasgow Pavilion 10p
43	24	Grampian TVA 10p
120	90	HTV Non/Vtg.
58	35	Hawley Leisure 5p

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

FINANCE, LAND—Continued

OIL AND GAS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
38	21	Acmex 50c	38	—	Q2.5c	—	3.5
28	12	ACM 20c	18	—	—	—	—
19	14	Argosy Gold NL 25c	14½	—	—	—	—
*199	46½	Bond Corp.	154	+9	Q7½c	1.9	2.5
156	76	Bougainville I Kina	87	+1	Q26.2c	φ	15.6
*350	214	CRA 50c	254xd	+4	Q19c	φ	3.8
25	11½	Canada Northwest	20	—	—	—	—
42	8	Carr Boyd 20c	23	—	—	—	—
545	152½	Central Pacific	250	−5	—	—	—
36½	9¼	Cons. Gold Min. N.L. 50c	35	—	—	—	—
47	17	Cultus Pacific N.L.	42	—	—	—	—
52	20	Eagle Corp. 10c	25	−2	—	—	—
41	15¼	Endeavour 20c	33	—	—	—	—
600	175	G. M. Kalgoorlie 25c	385	+10	†Q13c	φ	1.7
46	13	Great Eastern	15	—	—	—	—
*275	117	Hampton Areas 10p	238	—	t2.5	2.4	1.5
*168	30	Haoma Gold N.L.	100	—	—	—	—

Tins

Copper

Miscellaneous

NOTES

REGIONAL MARKETS

OPTIONS

3-month Call Rates

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES
Thursday March 19 1981

Shell UK jobs go to offset big losses

By Ray Dafter, Energy Editor

SHELL UK is shedding 1,000 of its chemical staff—almost a quarter of the workforce—and over 300 employees in its oil products business to stem losses in its manufacturing and marketing operations.

Mr. John Raisman, Shell's chairman, said yesterday that the chemicals and downstream oil operations were now making "substantial losses." The group as a whole, including offshore oil and gas interests, was this year expected to produce notably lower profits compared with 1980.

Last year Shell UK returned a net income of £373m on sales revenue of £3.26bn against a profit of £476m in 1979.

Profits were depressed by the results of Shell Chemicals, which is understood to have made a loss of around £66m after setting aside about £18m for redundancies and rationalisation plans.

Shell executives said that the trading recession and Budget increases in North Sea taxation had caused fresh cash-flow problems which were likely to lead to the company borrowing again from its parent—the Royal Dutch/Shell Group. Shell UK could have a cash deficit of about £200m this year against £2m in 1980.

Mr. Raisman criticised the tax changes which would increase Shell's North Sea payments by about £125m this year. The company would press for a unified tax structure which would not have to be changed with price movements. Stressing that oil companies were not immune from the effects of recession, he said: "The immediate situation is extremely unsatisfactory."

Natural wastage

Shell Chemicals, which saw a 19 per cent drop in sales volume last year, has now closed about a fifth of its manufacturing capacity including units for making chemical products, ethylene, ethylene oxide, ethylene glycol, polystyrene, polypropylene, solvents and resins. Many of these plants will remain permanently closed.

Most of the 1,000 staff cuts are being achieved through voluntary redundancies, although some employees are being transferred to Shell's oil exploration and production arm which is growing at the rate of about 600 staff a year.

The cut of 300 to 400 staff in refining and marketing, most of them through natural wastage, is part of a long-term rationalisation programme.

Mr. Desmond Watkins, managing director of Shell UK Oil, said that the market for oil products was this year expected to fall 4 per cent below even last year's depressed level. The market, now at around 70m tonnes annually, was just half the size it was expected to be a decade ago.

Pointing out that the group was losing money on every gallon of product sold, Mr. Watkins said that Shell wanted to see an increase of 4p to 5p a gallon on the price of petrol and other fuels. Shell's refinery costs were high partly because the company was using a large proportion of expensive North Sea oil—around 70 per cent of its refinery throughput this year.

Shell is still pressing ahead with an annual investment of around £600m over the next few years, although, Mr. Raisman warned, the company was being forced to reassess some of its plans.

Shell income declines, Page 26

Japanese car import curbs 'could start trade war'

BY DAVID BUCHAN IN WASHINGTON

OFFICIAL U.S. curbs on Japanese car imports could "open up a trade war" and lead the European Community to take similar protectionist action against Japan and possibly against U.S. exports to Europe, the West German Economics Minister warned the Reagan administration yesterday.

Count Otto Lambsdorff made it clear that his visit to Washington was timed to influence the decision of the Reagan administration which is divided over future policy on Japanese car imports.

His warning that the Bonn Government may no longer be able to restrain more protectionist EEC partners came the day before the President is due to be briefed on the cars issue.

Count Lambsdorff's remarks also coincided with a statement in Tokyo by Mr. Rokusuke Tanaka, the Trade and Industry Minister, who expressed Japan's readiness to impose restriction on car exports to the U.S. by administrative means. He said the Government considered a voluntary curb on exports desirable.

However, the two biggest exporters, Toyota and Nissan (maker of Datsun), have scoffed at this idea.

The West German Minister's aim in talks here this week has been to strengthen the hand of those in the Administration, such as Mr. Donald Regan of the Treasury, Mr. David Stockman of the Budget Office and Mr. Murray Weidenbaum of the Council of Economic Advisers, who have argued that import curbs on Japanese cars would be inflationary and would permit U.S. car prices to rise.

This camp has calculated that a 25 per cent cut in Japanese car imports would put at least half a percentage point a year on the Consumer Price Index.

Count Lamsdorff wished to show that there was a foreign policy argument against the other camp, led by Mr. Drew Lewis, the Transportation Secretary. This camp has argued that, with Japanese car imports running close to their 1980 level of 1.9m, Detroit must have import relief to get back on its feet.

This poses an acute political dilemma for President Reagan, who won the election as a firm free-trader but promised relief for unemployed U.S. car workers. The President's special taskforce on cars moved at its meeting on Tuesday towards a compromise that both camps could accept.

This involved two proposals:

- The U.S. would ask Japan to show voluntary trade restraint, but without setting a precise numerical target. That would be left for Tokyo to fix publicly, with Washington privately advising it on an acceptable level.
- Any car import relief would be part of a package of help to the U.S. car industry, including possibly some minor tax reliefs and a delay in new Government rules on car emissions.

The real test for any U.S.-Japan agreement is whether it would be accepted by the U.S. Congress or the European Community. Representatives of car producing States have introduced legislation for compulsory annual quotas of 1.6m units on Japan over three years. The Administration is trying to head this off, arguing its hands should be left free to negotiate a voluntary deal.

Saudis' $1bn move into equities

BY RICHARD JOHNS, MIDDLE EAST EDITOR

BARING BROTHERS and Robert Fleming, two British merchant banks, are to establish a portfolio of Japanese equities on behalf of the Saudi Arabian Monetary Agency.

The move will bring the ultra-secretive agency its first known equity portfolio.

The deal with the banks is understood to have been reached following several months of negotiations, according to a Tokyo financial newspaper yesterday. It will involve the investment of $1bn in Japanese equities, with a formal contract to this effect signed soon. Neither bank would comment on the report yesterday. In the past the Saudi agency, which acts as the Kingdom's Central Bank, restricted investment of the Kingdom's cumulative surplus, now believed to be in the region of $100bn, to bank deposits, government and quasi-state bonds, and private placements with blue-chip U.S. corporations.

One reason for the agency's cautious attitude to the equity market abroad has been its anxiety not to arouse sensitivity in the industrialised countries of the West. Japan, however, has positively welcomed Saudi official funds.

The agency agreed last spring to purchase Japanese state bonds at the rate of Y50bn (£107m) a month.

Mr. Abdel-Aziz Quraishi, Governor of the agency, visited Tokyo last autumn as the guest of the Bank of Japan.

Barings has advised the agency on the investment of the country's surplus since 1974.

Like Robert Fleming, which has handled a yen portfolio for Abu Dhabi for over a decade, Baring is a specialist in the markets.

A move into Japanese equities would be in line with Saudi Arabia's policy of diversifying its investment as much as possible, while not weakening the dollar.

The agency placed $2.75bn as a direct loan with the West German Finance Ministry last year and is expected to channel a similar amount to it in the course of 1981.

U.S. submarine delays attacked

BY DAVID BUCHAN IN WASHINGTON

THE U.S. Trident missile-carrying submarine building programme has come under strong attack from the Reagan Administration. Mr. John Lehman, the Navy Secretary, has suggested that if problems continue at private shipyards the U.S. Government might have to enter the shipbuilding business.

Mr. Lehman also warned that alternatives to the Trident-carrying submarine might have to be examined when he announced the award of a $1bn (£439m) contract for three smaller nuclear attack submarines, worth about $340m each, to the Newport News shipyard.

The award was made without competitive bidding because of "the very serious problems" at the Connecticut yard of General Dynamics, where the first Trident-carrying submarine is due to be completed in December, more than two years late and some $250m above the original planned cost.

The continuing row between the U.S. Navy and General Dynamics over the Trident carrying submarine has wide implications for the U.S. and Britain. President Ronald Reagan has devoted the bulk of extra defence funds towards increasing the U.S. Navy from its present 456 ships to a 600-ship fleet by the end of the decade.

For this, "we are going to have to maintain a production base without ups and downs," said Mr. Lehman.

The Navy Secretary, known for his aggressive defence views, suggested that if this was not possible a Government shipyard might be opened in the coming 1981-82 fiscal year.

The Trident nuclear system is the latest development in the U.S. arsenal. Britain is to buy Trident missiles to equip four or five new submarines, replacing the present UK Polaris force in the next few years.

Bank computer operators Continued from Page 1

advised the union's executive yesterday that this could be done.

Mr. Leif Mills, the union's general secretary, said officials were satisfied that this would have a major impact on the ability of the banks to accept these payments.

The executive of the staff association at the Bank of England is expected to advise its members on Monday not to handle any special payments made to the Bank as a result of the civil servants dispute.

Hundreds of civil servants are expected to join today what union leaders have described as a mass demonstration, rather than a mass picket, of part of Bush House in London's Strand.

Twelve senior Inland Revenue staff, including one deputy secretary, continued yesterday to bank and process cheques from large organisations—all those noramlly paying more than £3.500 in Pay As You Earn and national insurance contributions per month—which would normally have gone to Cumbernauld and Shipley.

Mail was again colelcted from local GPO offices near the two computer centres and taken to Bush House. The Union of Communication Workers told civil service union leaders that Revenue officials were collecting the mail using a warrant.

CBI Continued from Page 1

therefore helped to defuse the potential row.

Sir Ray, who last Thursday described the Budget as a "kick in the teeth," even followed the Prime Minister's lead yesterday and listed the gains industry has obtained from the Government—help on electricity, gas and oil conversion costs, stock relief benefits, cuts in Minimum Lending Rate and deferment of sick pay changes.

Recession Continued from Page 1

Looking at the medium-term prospects, Mr. Frank Cassell, the under-secretary responsible for medium-term analysis, said that hopes of recovery from 1982 onwards rested primarily on an increase in personal consumption, plus inactivity overseas.

The officials stressed that the Government measures in the Budget were aimed at getting the level of interest rates down.

Du Pont to build £40m plant in Ulster

BY SUE CAMERON AND ALAN WATSON

DU PONT, the U.S. chemicals company, is to build a £40m synthetic rubber plant at its complex at Maydown, near Londonderry, in Northern Ireland.

The Northern Ireland Department of Commerce is giving Du Pont financial assistance thought to be about £16m—40 per cent or more of the cost of the new plant.

The plant, which will produce a specialised form of synthetic rubber that is sold under the Du Pont brand name of Hypalon, will provide about 160 permanent jobs. But most of these jobs will go to people already employed at Du Pont's Maydown site, where the labour force totals about 1,400.

A further 750 short-term construction jobs will be created at the peak of the building programme. Work on the plant will start immediately. It is due to be completed in 1983.

Du Pont's announcement yesterday confirmed long standing speculation that the new Hypalon plant would be built in Northern Ireland rather than at one of the group's other sites in Europe.

Hypalon — chlorosulphonated polyethylene—is a high technology synthetic rubber used in the production of wire and cable. First developed by Du Pont in 1952, it is at present produced only at the company's site at Beaumont, Texas.

Industry experts said yesterday that the decision to extend production of Hypalon was in line with Du Pont's usual marketing strategy. They stated that the group tended to concentrate on speciality products where it faced little or no direct competition and where strong profit margins could be used to support high marketing costs.

Most UK synthetic rubber producers are now being tightly squeezed because of the recession. About 60 per cent of the synthetic rubber produced in Britain is estimated to be general purpose products, and 60 per cent of this is used in the manufacture of tyres.

Demand for general purpose synthetic rubber in the UK dropped by between 15 per cent and 20 per cent last year. Producers were forced to run large plants at low levels of capacity utilisation.

Leading manufacturers say there is no sign of an improvement in trading conditions. Their position has been made worse by the high level of car imports to the UK—all bringing with them foreign made synthetic rubber tyres.

Du Pont already produces neoprene, another specialised synthetic rubber, at Maydown. Yesterday, the company said that the expertise in synthetic rubber production that had been developed at Maydown over the last 20 years was one reason why it had decided to build the new plant at the site.

Mr. Jim Foght, managing director of Du Pont (UK), said the decision was "clear evidence" of the company's commitment to the UK and Europe as a marketing and manufacturing base. The new investment would maintain continuity of employment at Londonderry.

Six months ago, Du Pont closed its "Orlon" acrylic fibre plant at Maydown with the loss of 420 jobs. Doubts have been expressed about the future of another unit on the site, but it is understood that the company is considering further investment at Maydown in about two years.

Paisley wants U-turn, Page 10

Losses at BSC may hit £660m

BY ALAN PIKE

THE British Steel Corporation's losses for the financial year, ending this month, are expected to reach a record £660m.

Under the Corporation's December 1979 business plan—since replaced by the chairman's corporate plan—BSC should have made a profit of £45m in the 1980-81 financial year. The expected record loss compares with a previous peak loss of £545m in 1979-80.

The loss predictions for the 1980-81 financial year were given to members of the Commons Industry and Trade Committee during questioning on the Corporation's finances. But MPs were told that if the corporate plan of Mr. Ian MacGregor — who became BSC chairman last summer—is successful, the £660m loss will be more than halved to £318m in 1981-82.

Mr. MacGregor told the committee that in the last quarter of the financial year BSC's programme was correct to within the margins of experimental error, and he believed the Corporation was getting to the point where it could forecast more accurately.

However an important factor in meeting targets in the new corporate plan would be the extent to which the workforce gave ready co-operation.

Mr. MacGregor gave little ground when questioned about complaints that competitive BSC marketing activities are creating difficulties for private steel stockholding companies.

A substantial stockholding business had built up in Britain, he said, partly because of past inefficiency by BSC and its inability to serve smaller customers. He hoped that as BSC's activities improved the Corporation would be able to take care of customers who would otherwise look to stockholders.

"There is a change going on in the stockholding business, and it is bound to cause some distress," he said. But he denied that British Steel Service Centres, the Corporation's own stockholding arm, enjoyed preferential pricing over other stockholders.

Mr. MacGregor told the committee that the closure of Talbot's Linwood, Scotland, car plant would necessitate a cut in production of 15,000 tonnes of steel a year for the Corporation's Gartosh works.

Men and Matters, Page 20

Weather

UK TODAY

Eastern districts mainly dry, rain later in West and Wales. Rather windy generally.

London, E. England
Dry, sunny intervals developing. Max 10C (50F).

W. England, Channel Is., Wales
Dry with bright intervals, rain later. Max 11C (52F).

S. Scotland, N. Ireland, I. of Man
Mostly cloudy, rain at times. Max. 8C (46F).

C. Scotland
Mostly cloudy, rain at times, snow on hills. Max. 6C (43F).

N. Scotland, Orkneys, Shetlands
Sunny intervals, sleet or snow showers. Max. 5C (41F).

Outlook
Continuing unsettled, rather cold in the North.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	10	50	Locarno	F	10	50
Algiers	C	13	55	London	C	9	48
Amsdm.	R	4	39	L. Ang.†	C	14	57
Bahrain	S	24	75	Luxmbg.	C	3	37
Barclna.	S	15	59	Madrid	S	11	52
Beirut	F	25	77	Majorca	F	13	55
Belgrd.	R	7	45	Malaga	F	16	61
Berlin	R	4	39	Malta	C	14	57
Biarritz	F	10	50	M'chstr.	R	8	46
Bmghm.	R	8	46	Melbne.	F	30	86
Blackpl.	C	8	46	Miami†	C	13	55
Bordx.	F	9	48	Milan	C	8	46
Boulgn.	C	5	41	Montrl.†	C	−10	14
Bristol	C	10	50	Moscow	F	−2	28
Brussels	C	6	43	Munich	C	2	36
Budpst.	C	8	46	Naples	R	9	48
Cardiff	C	8	46	Nwcstl.	F	8	46
Cas'b'ca	F	17	63	N York†	F	−8	18
Chicg.†	F	−8	18	Nice	F	11	52
Cologne	F	5	41	Nicosia	F	21	70
Conhgn.	C	2	36	Oporto	F	15	59
Corfu	C	19	66	Oslo	Sn	−1	30
Denver†	Sn	−2	28	Paris	C	7	45
Dublin	C	11	52	Perth	S	25	77
Dbrvnk.	C	13	55	Prague	Sl	2	36
Ednbgh.	C	6	43	Rykjvk.	C	−7	19
Faro	C	16	61	Rhodes	F	19	66
Florence	C	12	54	Rome	C	10	50
Frankft.	F	5	41	Salzbrg.	C	2	36
Funchal	R	15	59	S'ciacot	C	11	52
Geneva	Sn	2	36	Singapr.	C	31	88
Gibrltr.	F	17	63	Stckhm.	S	3	37
Gl'sg'w	F	4	39	Strasbg.	C	6	43
G'rnsey	F	9	48	Sydney	S	25	77
Helsinki	F	1	34	Tangier	F	18	64
H. Kong	T	23	73	Tel Aviv	F	21	70
Innsbrk.	Sn	2	36	Tenerife	F	14	57
Invrnss.	F	6	43	Tokyo	S	15	59
I.o.Man	R	8	46	T'r'nto†	C	−13	9
Istanbul	C	21	70	Tunis	F	14	57
Jersey	C	10	50	Valencia	S	17	63
Jo'burg	F	21	70	Venice	[illegible]	10	50
L. Plms.	C	19	66	Vienna	R	5	41
Lisbon	F	13	55	Warsaw	F	3	37
				Zurich	F	4	39

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

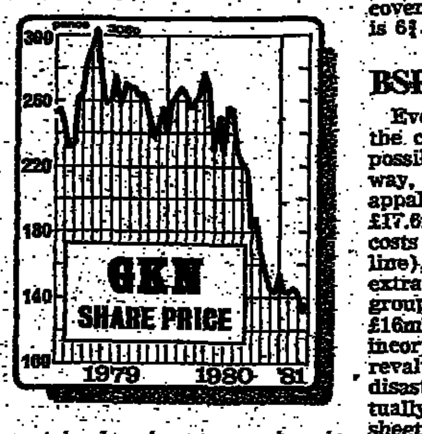
THE LEX COLUMN

GKN peers at the horizon

GKN's figures show what the recession is all about. The value of UK sales fell by 15 per cent in the second half of 1980, when the group lost £40m before interest on its UK activities. The domestic workforce has been cut by more than a quarter since the beginning of 1980, and redundancy and closure costs are more than double the level that was thought likely last September.

A pre-tax loss of £37.4m in the second half has left GKN £1.2m in the red for the year as a whole. This is struck after closure costs of £25.8m on its continuing activities. And the pre-tax loss would have been greater by about £25m if GKN had not abandoned its supplementary depreciation charge on its historic cost figures.

Index rose 3.5 to 491.1



Despite these dreadful figures, the group has paid a final dividend at a cost of £9½m including advance corporation tax. The annual payment has been cut by nearly three-fifths, but it could—and perhaps should—have been worse. So the shares rose 5p to 136p yesterday.

But there are no guarantees that this payment will be repeated in 1981. The group says this all depends on whether it can see some kind of upturn on the horizon when it comes to declaring the interim next September.

Although the steep decline in UK activities now seems to be over, the first half of this year is unlikely to show much improvement on the closing months of 1980. The pre-tax figures will have to bear the cost of another 2,000 redundancies, and up to 10,000 employees—a fifth of the reduced workforce in the UK—are still working short time. There is a hope of some improvement later in the year, but GKN will need to make over £40m pre-tax if it is to cover a maintained dividend along with its overseas tax and minorities charges.

Meanwhile a gaping hole has been torn in the balance sheet by the trading losses and an extraordinary charge of nearly £50m against discontinued activities. As a result, shareholders' funds are down from £778m to £653m. The cash drain has been limited by massive destocking, which has knocked £121m out of stocks and debtors, yet borrowings net of liquid resources have still risen by £67m to £329m. The conservation of cash remains a top priority, and the current indication is that gross borrowings this year will rise by no more than about £50m.

But although the balance sheet is under control, any sustained improvement in demand seems likely to trigger a demand for new capital. The current market capitalisation is £226m, and the yield is 8.7 per cent.

Thomas Tilling

Thomas Tilling's pre-tax profits are down by £12m in the second half of 1980, and the full year's figures have come out at £70.[illegible]m, against £81.1m. The second half of 1979 was to some extent exceptional, with Tilling firing on more cylinders than usual, but there is now a pretty severe downturn in the UK building industry and engineering interests, only partly offset by the energy-related activities in the U.S.

More sensitively, reported 1980 earnings per share are down 27 per cent. Altogether, given last year's £60m rights issue and modest first-time contributions from several acquisitions, the figures look a little disappointing. On the important construction side there is no upturn yet in the UK, and the first half 1981 figures are likely to be poor.

Tilling is budgeting to spend another £100m this year on capital items and acquisitions, which will probably lead to a rise in the gearing ratio—the group may not be able to reduce working capital again, after an £18m fall in 1980.

Income gearing is quite high—debt service absorbed nearly 30 per cent of trading profit last year—and on past form Tilling will be issuing its shares again before too long, perhaps against the acquisition of some UK quoted company. The group's rights issues may no longer be quite so welcome, now that even the sleepier investing institutions do not need Tilling to invest in the U.S. for them. Just at the moment the shares are not looking all that cheap; at 162p they are selling above net asset value, but current cost earnings do not quite cover the dividend. The yield is 6¾ per cent.

BSR

Even making allowances for the company's desire to get all possible bad news out of the way, BSR's 1980 figures are appalling. The pre-tax loss is £17.6m (£4.8m of redundancy costs are charged above the line), and after a tax credit and extraordinary write-offs the group's reserves are cut by £16m to £65m, a figure which incorporates a 1979 property revaluation. BSR started its disastrous profits slide with virtually no debt, so the balance sheet is still respectable.

The results were accompanied by an astonishingly bullish statement, which helped the shares (18p not so long ago) up 2p to 36p, where the market capitalisation is £32m. Exchange rates have stopped moving against the company and capacity seems to have been shrunk to a more or less viable base, while there is good news about the Hong Kong interests and the promise of a further side-step into the Far East. The long-term bulls are talking happily about video discs, but 1981 BSR shares, desperately risky six months ago, remain an investment for the strong-stomached.

DRG

In the second half of 1980, Dickinson Robinson Group's UK sales volume has fallen by an average 15 per cent, eliminating £10m of domestic pre-tax profits. So even with a 50 per cent improvement in the overseas contribution, pre-tax profits for the year have tumbled by 35 per cent to £18m.

With a current cost attributable loss of £14.4m, the cut in the final dividend is hardly an over-reaction; indeed the shares rose 3p yesterday to 86p in relief. One key factor here has been the continued success of the company's attack on working capital, which has fallen to 17 per cent of turnover compared with 22 per cent in 1979 and 32 per cent in 1978 and has realised £27½m of cash. The bulk of this process has now been completed and the company will be relying on property disposals in the current year to contain its gearing. Meanwhile the process of diversifying away from mature and declining markets will take a back seat until there is an economic recovery.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.